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NEWS SUMMARY

GENERAL

Aslef stands firm on rostering

Train drivers' leaders warned the arbitration tribunal on the BR flexible rostering dispute that Aslef's 24,000 members were totally opposed to varying the traditional eight-hour day.

BR said on the first day of the hearing that the tribunal's decision would be critical to the future of the industry and to the very survival of the railway network. Back Page and Page 11

Times doubts

Harold Evans was back at the editor's desk of The Times but it was unclear whether he would still be in charge after tomorrow's board meeting. Page 8

Duffy warning

AUEW leader Terry Duffy said unions could not continue to support Labour unless it acted against those who "just masquerade" as supporters. Page 12

Theft record

Insurance companies last year paid out a record £105.7m on claims for theft from private homes—40 per cent more than in 1980. Page 10

Poles stay put

Very few of Poland's 3,600 internees have accepted the martial law authorities' offer of emigration, according to reports from the camps. Page 2

Polar airlift

A plane loaded with vital supplies was on its way to the two-man British Transglobe expedition stranded 400 miles from the North Pole.

Blaze victims

A woman and her son died in a fire which destroyed their Merseyside home and in East London two children died when a blaze swept through flats.

Death sentence

Turkish martial law court sentenced five left-wing extremists to death for four murders and "conspiracy to establish a proletarian dictatorship."

Uganda arrests

Ugandan police arrested about 250 civilians, including an opposition MP, in a crackdown against anti-government guerrilla activity.

Security review

Government said it would review security for African liberation movements in Britain following the bomb which wrecked ANC's London offices. ANC profile, Page 4

Bully's death

Villagers in Elvington, Kent, who danced with joy when local bully Brian Onions was found shot dead heard that police are sure he was not murdered.

Exhibition plan

Government gave the go ahead for a £6m plan to set up a national exhibition centre for Scotland on reclaimed dockland in Glasgow. Page 5

Nuclear war film

Peter Watkins, whose anti-nuclear film the War Game was banned by the BBC, is to make another nuclear war film for Central Television.

Briefly . . .

Soviet Union is building a 13-mile long particle accelerator—the world's biggest.

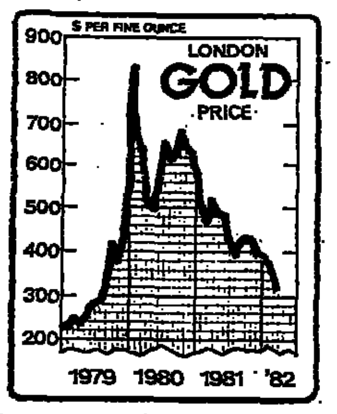
Spanish civil guard was shot dead by gunmen in Renteria.

Midland Bank cut its mortgage rate to 13¾ per cent.

BUSINESS

Gold off $10.25; gilts firm

● GOLD fell $10.25 to $313.5 in London, its lowest close since



late August 1979. In New York the Comex March close was $324.2. Page 24

● STERLING gained 55 points to $1.805 and rose to DM 4.285 (DM 4.28). SwFr 3.39 (SwFr 3.3825) and FFr 10.995 (FFr 10.975). Its trade-weighted index was 90.3 (90.1). Page 24

● DOLLAR fell to DM 2.3735 (DM 2.377) and SwFr 1.877 (SwFr 1.878) but firmed to Y240.35 (Y239.9). Its trade-weighted index was 113.6 (113.7). Page 24

● GILTS were firm. The FT Government Securities Index added 0.17 to 68.47. Page 34

● EQUITIES' underlying tone remained steady. The FT 30-share index lost 1.1 to 565.8. Page 34

● WALL STREET was up 0.48 to 797.85 near the close. Page 28

● ARGENTINE PESO continued to fall sharply against the dollar in Buenos Aires, after dropping over 20 per cent in the past week. Page 5; London closing rate, Page 24

● EMS DEVELOPMENT hopes were kept alive by EEC finance ministers despite opposition from West Germany's Bundesbank. Page 3

● POLAND'S DEBT problems will be discussed in Paris later this week by Western governments owed money by the country. Back Page

● EUROPEAN COMMISSION said it is adopting a diplomatic approach to the Japanese trade to Brussels. Page 6

COMPANIES

● BRITISH SUGAR Corporation is going to the European Commission in an attempt to shake off its unwelcome 40 per cent shareholder, S. & W. Berisford. Back Page and Lex

● STONE-PLATT Industries' bankers and supporting institutions are expected to make an announcement today following talks about the extent of new financial support for the group.

● BP reported a 25 per cent drop in net profits to £1.1bn last year. Back Page and Lex; details, Page 20

● BRITISH CALEDONIAN Airways incurred a £7.94m trading loss in the year to end-October, against a £3.12m profit. Back Page

● ARTHUR GUINNESS and Sons has sold Callard and Bowser Nuttall, its confectionery subsidiary, to Beatrice Foods Company of the U.S., for £4m. Page 23

● BARRATT Developments, housebuilder, raised taxable profits from £11.89m to £15.27m in the half-year to end-December. Page 20; Lex, Back Page

● TRANSPORT DEVELOPMENT Group, road haulage and storage concern, reported pre-tax profits down from £21.37m to £15.17m for 1981. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Treasury 3% 1986	£72½	+ ½
Exch. 12½% 1994	£91½	+ ¼
Amalg. Dist. Prods.	78	+ 6
Assoc. Comms. A	110	+ 5
BICC	328	+ 8
BSR	82	+ 3
Bronx Eng.	19	+ 3
Dundonian	67	+ 6
Early's of Witney	29	+ 7
Edbro	113	+ 9
Fife Indmar	125	+ 5
Henriques (A.)	29	+ 5
Imperial Group	59	+ 3
Intasun	141	+ 5
Racal Elect.	360	+ 5
Refuge Assurance	268	+ 8
Saatchi and Saatchi	415*	+ 12
Smallshaw (R.)	28	+ 5
Utd Electronic	31	+ 5
Victor Products	130	+ 8
Yarrow	300	+ 20
Hunting Petroleum	174	+ 12

FALLS:		
Barclays Bank	465xd	− 8½
De La Rue	665	− 2½
Granada A	224	− 12
GKN	165	− 5
Guinness Peat	58	− 5
Huntley & Palmer	105	− 7
Stone-Platt	11	− 2
Unilever	628	− 14
Waverley Cameron	75	− 8
LASMO	262	− 13
NCC Energy	80	− 20
De Beers Defd.	226	− 11
East Rand Prop.	401	− 22
Grootvlei	277	− 29
Jo'burg Cons.	£25	− 1½
Peko-Wallsend	270	− 20
Pelaling	375	− 25
VC Invs.	£20¼	− 1¼
Vaal Reefs		

* Price at suspension

Manufacturing output falls to lowest point since 1967

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MANUFACTURING output in the UK fell in January to its lowest ebb since 1967, according to official figures.

They show that total industrial production fell for the third successive month, to a level hardly better than it was a year ago.

The index of industrial production for January was 98.6 (1975=100), some 15 per cent less than it was at the last peak of the economic cycle, in January 1979. Manufacturing output has fallen 19 per cent during the same period to an index of 87.5 in January.

The sluggish level of output during the winter months reflected the impact of strikes, heavy snowfalls and freezing weather, officials believe; and they are optimistic that the February figures will indicate a return to rgowth.

However, the figures show that the current recession has been not only exceptionally deep but also disconcertingly prolonged.

In spite of hopes last summtr that a sustained recovery had begun it is now evident that the underlying level of output (after adjustment for changes in stock levels) showed no improvement during the second half of last year.

The latest official data indicate that recovery has so far been concentrated in a rather small burst of activity during the early summer.

This accords with evidence from the Confederation of British Industry's survey of business opinion, which suggests that activity has remained almost unchanged since the middle of last year.

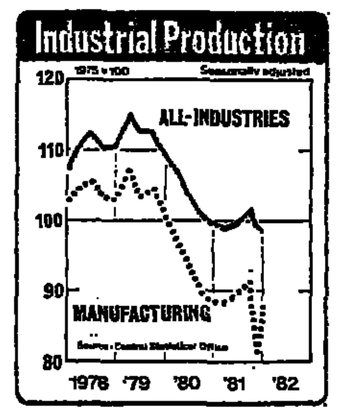
The generally low level of activity is also reflected in the latest figures for retail sales, out yesterday. They show that the volume of sales in February was little changed compared with the previous year.

Hopes that recovery will gain renewed momentum this spring rest on three foundations: the belief that companies will rebuild their stocks; optimism that fixed investment will increase, particularly if interest rates can be brought down further; and the expectation that exports will pick up in response to more buoyant world trade.

The Treasury is predicting that the underlying level of manufacturing output will be 2.2 per cent higher in the second half of this year, compared with the second half of 1981. It also expects that the economy's total output this year will increase by 1½ per cent compared with last year's fall of 2 per cent.

But after this winter's setback recovery will have to start from a somewhat lower base than had been previously hoped. In the three months from November to January, manufacturing output fell 2.1 per cent compared with its average for the previous three months. The January index of manufacturing production was at 87.5, lower even than in the depths of the present recession last May.

Retail sales fall, Page 9
Foot starts first stage of Labour's election campaign, Page 12



Official Unionists reject Prior's assembly plans

BY MARGARET VAN HATTEM, POLITICAL STAFF

NORTHERN IRELAND'S largest Unionist party, the Official Unionists, yesterday turned its back on the Government's attempts to set up a form of devolved Government acceptable to the province's Roman Catholic minority, as well as the Unionist majority.

Mr James Molyneaux, leader of the OUP, said the part yhad broken off talks with Mr James Prior, the Northern Ireland Secretary, on his plans to set up an elected assembly in the province later this year.

However, he made it clear that the party intends to contest elections to the proposed assembly, in the hope of securing a return to majority rule.

Mr Molyneaux's announcement, endorsed by the party's executive, followed a stormy meeting last week between Mr Prior and several senior OUP members, during which the Secretary of State outlined in more detail the plans he hopes to put to Cabinet colleagues next week.

Mr Molyneaux accused Mr Prior of "deceiving anddouble-crossing" the party. In particular, he objected to Mr Prior's insistence that no power would be transferred to the new assembly without the support of around 70 per cent of its members, including representatives of both sections of the community.

He also objected to proposals, which he attributed to Mr Prior, to link the devolution process to further developments in the recently established Anglo-Irish Council.

Mr Molyneaux urged the Government to "clear the traitors out of the Northern Ireland Office," and said he would seek an early meeting with the Prime Minister Mrs Margaret Thatcher, who, he believed, did not support Mr Prior's plans.

However, Downing Street said yesterday that Mrs Thatcher would not agree to any negotiations behind Mr Prior's back.

The OUP's withdrawal from the talks is unlikely to deter Mr Prior or his Cabinet colleagues, who have long been aware that none of Northern Ireland's political parties was openly enthusiastic about the plan. Mr Prior intends to continue talks with other parties.

Continued on Back Page

A child of nine was killed and more than a dozen people injured, some seriously, in a bombing blitz which caused extensive damage across Northern Ireland last night. The centre of Belfast and four provincial towns were hit.

Imperial Tobacco plans closures

BY LISA WOOD

IMPERIAL TOBACCO plans to close three factories over the next two years, it announced yesterday. More than 1,700 jobs are expected to be lost in Glasgow, Stirling and Bristol.

The company, the UK's largest tobacco-products manufacturer, is a subsidiary of the Imperial Group. It employs about 15,000. The severe and continuing reduction of UK tobacco sales is blamed for the job losses.

Imperial Tobacco's proposals were put to trade unions yesterday. The proposals involve cigarette production ceasing at Glasgow by early 1984 and at Stirling in late 1983. This would concentrate production in the company's Bristol, Newcastle-upon-Tyne, Swindon and Nottingham factories.

The Wills cigar factory at Glasgow would continue in operation and take on production from the Bristol factory, which would close by early 1984.

Imperial said it hoped to cope with the job losses by a combination of natural wastage, early retirements and voluntary redundancies throughout the company, and by offering to transfer eligible employees to other locations.

The company's Ogden's pipe tobacco factory at Liverpool and the John Player & Sons cigar factory at Ipswich are not affected by the proposals.

Last week's Budget further dampened prospects of a recovery in the trade by putting up duty by 5p on 20 cigarettes and 3p on five small cigars.

Jobs lost will be 600 by the W. D. & H. O. Wills cigarette factory closure in Glasgow and 600 by the Wills cigar factory closure at Bristol. The John Payer & Sons cigarette factory at Stirling employs about 500.

Imperial Tobacco is also in the process of losing about 1,000 white-collar jobs through the merger of the whole administrative and management structures of Wills and Players, its two main trading subsidiaries.

In the year to October 31 last the tobacco side contributed sharply lower profits to the overall Imperial Group results. These showed a profit for the period which was £20.9m lower at £106m.

Shrinking sales in the £5bn a year tobacco market are worrying tobacco giants. Cigarette sales in the UK peaked in 1974, at 137bn, falling gradually until 1981. Over the past year, however, cigarette sales slumped by 15 per cent. This was because of the duty increases, amounting to 17p, imposed by the Chancellor through tax increases, and price rises by the companies. Volume cigarette sales are expected to be about 105bn this year.

In December, Gallaher, the second largest UK tobacco company, announced plans to axe 800 production jobs in early 1982. Carreras Rothmans, the third largest UK tobacco company is losing up to 800 jobs in a three-year voluntary redundancy programme.

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For latest Share Index phone 01-246 8026

Jenkin proposes slimming state industry boards

BY PETER RIDDELL AND HAZEL DUFFY

A REDUCTION in the size of the boards of nationalised industries and inclusion of more non-executive directors with commercial experience is being proposed by the Government.

The proposals, announced in the Commons yesterday by Mr Patrick Jenkin, the Industry Secretary, are among the main conclusions of the recent review of relationships between Whitehall and nationalised industries.

They are aimed to improve the industries' proficiency and to put their perenially strained dealings with Government on a more satisfactory basis.

Reaction

However, the reaction yesterday from the Nationalised Industries' Chairmen's Group was one of "neutrality." Although individual chairmen have been called in by Whitehall to discuss the wording of the Government document which led up to the proposals announced yesterday, these have resulted in changes of detail only.

The chairmen have told the Government they feel the mutual trust between it and the industries, referred to in the Government document—sent to the state industry chairmen in November—is the necessary basis for the relationship and should reasonably have allowed for some consultation with them in preparation of the document.

They have also made no secret of the fact that they believe the document, drawn up following the inquiry last year by the Central Policy Review Staff (the Think Tank), was worded in a way that did not recognise some of the statutory requirements of the industries.

Details

The changes announced by Mr Jenkin are:

● First, the Government intends to hold discussions with the industries in the coming months with the aim of concluding strategic objectives for each of them. "Such objectives, which would mainly be qualitative, would be consistent with the industries' statutory duties, and with their financial targets and performance aime," he said.

● Second, the Government is putting more emphasis on the need for efficiency and wishes to ensure that this is reflected in the structure of the boards of the industries. Ministers will therefore be discussing with the chairmen "the composition of their boards with the aim of reducing their size where appropriate and ensuring an adequate proportion of non-executive directors who would bring in a wider experience and help to secure improvements in the efficiency of the business." The aim apparently is to bring private sector businessmen on to these boards on a larger scale.

● Third, the Government is taking steps to strengthen the business expertise in Whitehall for dealing with the nationalised industries. New arrangements are being introduced so that the industries' performance and plans can be more systematically addressed. In the Treasury, for example, a group of public enterprise specialists has been established and more accountants have been recruited.

Detailed implementation of these changes will now be discussed by Ministers in charge of sponsoring departments and individual industries. There will be what amounts to "planning agreements," though this term is taboo in Whitehall, between the departments and the industries over their objectives and restructuring.

Progress

Mr Jenkins' statement represents a progress report on a continuing series of discussions which have been going on within Whitehall and with the industries over their relationships and which have followed the inquiry last year on the subject by the Think Tank and recent discussions by a Cabinet committee.

The hope is that the changes will help to reduce the tensions which have bedevilled relationships under governments of both parties and that the result will be that both sides will be better informed and better able to deal with each other.

Mr Jenkin referred to the increased programme of references to the Monopolies and Mergers Commission although he did not mention the controversial subject of the accountability of these industries to Parliament via the Comptroller and Auditor-General, who audits the public sector for the Commons.

British miss Telecom business, Page 8

£ in New York

—	Mar. 12	previous
Spot	$1.7960-7990	$1.8000-8020
1 month	0.20-0.25 pm	0.18-0.23 pm
3 months	0.72-0.77 pm	0.67-0.72 pm
12 months	2.75-2.85 pm	2.55 2.65 pm

Saatchi buys into world top ten

By David Churchill, Consumer Affairs Correspondent

SAATCHI and Saatchi, the UK's largest advertising agency, yesterday moved into the top 10 world-wide agency rankings when it acquired Compton Communications, one of the leading U.S. agencies. The move is described by Saatchi as the world's biggest agency merger.

The merged group, Saatchi and Saatchi Compton Worldwide, ranks abouth 9th place in the world. The world's largest advertising agency is Dentsu of Japan, with about three times the billings of the new Saatchi group.

The combined billings—the amount spent by advertisers through their agencies—of the new merged group last year was about $1.5bn (£720m), of which some $1bn comes from Compton.

Saatchi is acquiring the whole of the share capital of Compton for $29.2m in cash. Further payments totalling $27.6m will be made to key executives over the next 10 years, provided Compton achieves average annual post-tax profits of $4.07m in the decade.

The deal is conditional on Compton's showing earnings of not less than $2.6m after tax for the year ending December 31, 1981. Campton has 41 offices in 31 countries.

Saatchi and Saatchi has had close links with Compton for seven years. Since 1975 Compton has had a 20 per cent stake in the main UK operating subsidiary, Saatchi and Saatchi Compton. Both agencies have shared a number of major multinational clients, including Procter and Gamble, IBM, Du Pont, Max Factor, United

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Background, Page 8

TOP TEN ADVERTISING AGENCIES WORLDWIDE (1980)

1.	Dentsu	Japan
2.	Young & Rubicam	U.S.
3.	J. W. Thompson	U.S.
4.	McCann Erickson	U.S.
5.	Ogilvy & Mather	U.S.
6.	Ted Bates	U.S.
7.	BBDO International	U.S.
8.	Leo Burnett	U.S.
9.	SSC & B	U.S.
10.	Foote, Cone & Belding	U.S.

Saatchi & Saatchi Compton Worldwide would rank ninth on the basis of 1981 billings.

Source: FT estimates

EUROPEAN NEWS

Portugal faces fresh transport chaos

LISBON—Travellers in Portugal face another week of transport chaos as train drivers extend their strike action. In an effort to cope, the rail authorities have called on retired drivers to run peak-hour services.

The train drivers' union said yesterday that the strike, which began last Monday and was originally due to end tomorrow, would continue until midnight of March 22.

"Talks at the Transport Ministry broke down at the weekend, and there are as yet no prospects of new negotiations," a union official said.

The train drivers' union, traditionally a conservative grouping, was discussing with its lawyers the possibility of bringing a court action against the rail authorities, claiming they had violated strike laws by hiring the retired drivers to run some services, particularly in the Lisbon region, the official added.

"Using retired labour shows the desperation of the rail board."

Portuguese Railway authorities estimate they are losing Es 20m (£158,730) every day of the strike.

But the said some trains were running between Portugal's largest cities, Lisbon and Oporto, and that services in the south, driven by members of a smaller union not involved in the strike, were virtually unaffected.

Queues at stations on the coastal commuter lines to Lisbon were shorter yesterday as pensioners ran the limited rush-hour service. Coaches brought in by the Government at the beginning of the strike ferried passengers to work through heavy morning traffic.

The train drivers are demanding a pay rise of up to 30 per cent, well above the Government's 17 per cent pay ceiling established to combat Portugal's soaring inflation rate.

Last month, a wave of strikes affecting urban transport was settled with wage increases above the Government's guidelines.

Reuter

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Swedish state jobs to go as coalition's popularity wanes

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE announcement by Sweden's state-owned iron mining company, LKAB, that it must dismiss 900 workers has come at an embarrassing time for Sweden's minority Government. It coincides with an opinion poll indicating that only 16.5 per cent of voters now support the Centre-Liberal coalition.

The poll showed the Social Democrat opposition party to be poised for a return to power in this September's General Election, while public support for Prime Minister Thorbjörn Fälldin's Centre Party reached a nadir of 9 per cent.

LKAB operates the iron mines of North Sweden which, until the early 1970s, were a primary source of ore for West European steel works. Over the past six years, the company has run up losses of around SKr 2.3bn (£267m) and absorbed more than SKr 4bn of Government funds.

Its 1982 production target is 17m tonnes of ore, compared with the 25m tonnes it sold annually before its market collapsed. It holds some 9m tonnes of unsold stocks.

Of the 900 who will lose their jobs, two-thirds live in the town of Kiruna where 14 per cent of the labour force is currently unemployed.

The Swedish iron mines have been badly hurt by deliveries to Europe of ore with low phosphor content from Brazil and Australia. Productivity in the mines has also been low.

The number of unemployed nationwide declined by 18,000 to 135,000, or 3.1 per cent of the labour force, between January and February. The fall is seasonal and the figure for February was 29,000 higher than in February last year.

It is estimated that some 450,000 people were without regular employment in February, many being engaged in emergency work programmes or in jobs financed from public funds.

Norsk Hydro strike tests Oslo Government's nerve

BY FAY GJESTER IN OSLO

A STRIKE involving Norsk Hydro, Norway's largest industrial concern, could provide the first test of the Conservative Governments avowed will to let such disputes run their course, without resorting to compulsory arbitration.

The Government has already ordered compulsory bargaining to stop one strike. That, however, was a small dispute involving hospital ancillary workers in Oslo and the Government could claim legitimately that patients' health, and even lives, would have been threatened if it had been allowed to continued.

The way the Hydro problem is handled could affect the course of this spring's crucial wage negotiations, when thousands of white and blue collar union members will be seeking *wage compensation for recent* steep increases in the cost of living. Government and industrial leaders have warned that Norwegian industry, already seriously hit by cost inflation, which would further weaken its competitiveness.

Only about 800 of Hydro's employees are actually on strike, following the break-down at the weekend of voluntary arbitration talks. But the strikers are key personnel—foremen and technicians—and without them Hydro will have to shut four of its most important on-shore industrial plants, making nearly *5,000 people idle. Lay-off notices* have been sent out and some have already taken effect.

The groups offshore petroleum activities—exploration and production—are not affected by the strike, nor are on-shore plants which are only partly owned by Hyro.

Greek reply on oil

Greece has replied to a Turkish request for information on reports of Greek oil exploration in the Aegean Sea, a Foreign Ministry spokesman told Reuter in Ankara yesterday. He hoped it would improve the strained atmosphere between the two neighbours.

Brezhnev to urge more vigorous union role

MOSCOW—President Leonid Brezhnev may call on Soviet trade unions to be *more active in defending the* rights of workers when he addresses their five-yearly congress today.

Mr Brezhnev is expected to encourage them to take a more vigorous shop-floor role, and be alive to any sign of Polish-style worker discontent.

A year ago, Mr Brezhnev told the Communist Party Congress that trade unions "sometimes lack initiative in exercising their broad rights."

The party leader complained that Soviet unions failed to insist that management should honour collective agreements and observe the law on safety at work.

The message was given again in August by Mr Brezhnev's closest aide, Mr Konstantin Chernenko, who wrote in Kommunist, the party journal, that unions *still had a "defensive function"* on behalf of the workers under the Soviet social system.

The workers, he went on, had to be defended from bureaucrats, over-pragmatic managers who did not care about people, and from drunks and slackers.

Even clearer evidence of the Communist Party leader's dissatisfaction with the state of the trade unions came at *the beginning of this month* when Mr Alexei Shibayev, chairman of the Central Trade Union Council, was dismissed after five years in the job.

Last week, Pravda, the party daily, complained that some trade union officials were "toothless" and failed to defend workers' rights.

Mr Shibayev was not criticised by name, but the implication was that he had failed to respond to the party's call for a new style.

Mr Shibayev's successor, Mr Stepan Shalayev, 53, will give a keynote speech to the congress today.

He is expected to tell the delegates that their job is to insist on labour laws being observed, and to act as a *safety valve in cases of* genuine worker discontent rather than as an arm of the management.

Soviet trade unions have 130m members.

Reuter

Polish tractor-maker struggles with post-Solidarity production

Ursus workers plough lonely furrow

BY DAVID BUCHAN IN WARSAW

THE URSUS TRACTOR plant is a soberly busy place these days. Once a Solidarity stronghold, the 16,000-strong labour force in the huge complex outside Warsaw staged a protest strike last December 14 which was quickly broken up. Since then, the workers have buckled down under martial law.

Production is up, say the managers; morale is not too bad, say the workers—and to *the visitor, there is no sign of* the brown boots of the army or the black boots of the police.

But a three-hour long visit to the plant—the first by a foreign correspondent since martial law started—also revealed serious difficulties which can be taken as microcosm of the country's overall plight: the impact of Western sanctions on a country grown dependent on Western licences and machinery, shortages of domestically-produced components and the unresolved problems of how and whether to restore trade unions and what "economic reform" can *mean in a war economy.*

Mr Tadeusz Skoczylas, the company's foreign sales manager, rattles off the good news. The aim is to produce 55,000 tractors this year, compared with 50,531 last year, and so far so good. Production rose steadily from 3,620 in December to 4,636 last month. Every working day this year at least 210 tractors have come off the assembly line, he says.

The bad news is that virtually *all of these are the relatively* old-fashioned, heavy and fuel-inefficient machines which Ursus has developed over the years with Czech help. Very few are the modern tractors which Ursus was by now to have been producing in large quantities under a 15-year licensing agreement with the British combine of Massey-Ferguson-Perkins signed in 1974.

"We will only turn out a symbolic number of Massey Fergusons this year—between 200 and 500," Mr Skoczylas says. Symbolic of what? "Our desire to stay in the technological race and keep exporting a quarter of total production to Western markets," he explains, pointing out that Ursus traditionally earns $30-40m a year in now desperately-needed hard currency for Poland.

Following the imposition of Western sanctions and problems over licensing agreements with Massey-Ferguson, Ursus is struggling to keep up tractor production. Exports produce $30m-$40m in desperately-needed hard currency each year, and the company is anxious not to let political development ruin its technological base.

But Poland's economic crisis and Western government credit sanctions have now strained ties between Ursus and Massey Ferguson dangerously thin. The agreement with MF set down that Ursus would produce 75,000 MF tractors and 90,000 Perkins engines a year by 1980. Instead, Ursus may only turn out this year as few as 200 tractors and some 5,000 engines. *These MF tractors may be the* last, since MF's Coventry plant is shipping no more assembly kits to Poland, and Ursus, despite its heavy spending on Western machinery in the 1970s, can itself make only about half what goes into an MF tractor. Most of the Perkins engines are being put into Ursus's older tractors.

The whole contract is now up in the air, because Ursus no longer has the money even to pay for Massey Ferguson supervisors at the Polish plant, and MF is anxious about the quality of the tractors and engines which Ursus is still building under its name. Before martial law, the Polish concern was in *line to get a £30m credit* guarantee from the British Government to pay for more MF machinery as well as supervisors. Because of Western sanctions, the credit is for the time being frozen.

"We want to keep our licence *relationships*" with Western companies, Mr Skoczylas stresses, displaying a concern common to many Polish managers these days. But it is increasingly hard to see how Ursus and other Polish plants can manage this until Poland's political crisis is resolved.

Ursus managers are pleased that under General Wojciech Jaruzelski's economic reforms, they are to have more flexibility, particularly with regard to output. *Instead of an old-style directive*, setting a fixed target, Ursus this year has been given a general guideline to produce between 50,000 and 55,000 tractors. In practice, this flexibility is not a new freedom but rather a recognition of reality brought about by component shortages. Despite the fact that its role in food production puts it into one of the 14 "priority programmes" which are supposed to get first claim on scarce resources, Ursus is severely hampered by production problems at its engine casting subsidiary at Lublin.

Ursus may fare even worse if and when the war economy allocation system is dropped.

An equally large question looms over the plant on the issue of reviving trade unions. The two national Solidarity leaders from Ursus, Mr Zbigniew Bujak and Mr Zbigniew Janas, went into hiding to avoid internment and are now treated as unpersons by *the managers*, who have difficulty in recalling to a reporter what jobs the pair ever held in the factory. But by and large, Ursus workers got off lightly from the post takeover purge—more so than after the 1976 strikes there—and only 10 Ursus workers are now held out of a national total of some 4,000 internees.

For the present, "social commissions" have been set up, with some ex-Solidarity members included, to fill a stop-gap union role. But they are recognised by both senior Ursus managers, such as Mr Tomasz Krysiewicz, and by worker foremen, like Mr Krzysztof Siemiatkowski, aphenomonen that cannot last. Virtually everyone at Ursus wants to bring unions back. *The argument, raging far* wider than Ursus, is how and in what form.

Few internees consider offer to live abroad

BY CHRISTOPHER BOBINSKI IN WARSAW

ONLY A few of the 20 0or so internees at the Bialoleka prison in northern Warsaw are thinking of accepting the authorities' offer to emigrate, according to the family of one internee.

This would appear to confirm a statement by Mr Sylwester Zawadzki the Justice Minister, last week that only about 20 of the country's 3,600 internees had applied to go abroad.

Three months after martial law was imposed there are few signs that attitudes are changing among the most politically-minded of the detainees. As one told visitors recently: "The main thing is to retain our dignity, and leave the camps as we went in without having made any concessions."

The conditions in Bialoleka are reportedly quite tolerable and the allowance of three parcels per detainee per month means that some have stopped eating prison food.

The longer they stay, however, the more radical they are becoming and their feeling of anger and frustration is transferred to their families.

Arrested as they were on the night martial law was imposed, the internees find it difficult to imagine what life is like outside their prison walls. Families on visits often bring conflicting tales. Some speak of resistance and repression, others describe a calm atmosphere.

Five transistor radios have already been confiscated in regular searches of the cells and there are at least two hand-written news sheets.

The main issue for many at Bialoleka is to avoid questioning by the secret police in a separate building in the prison called the "embassy" by the internees. They refuse summonses for questioning, and a few have been punished for it.

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EMS development hope kept alive by ministers

BY JOHN WYLES IN BRUSSELS

EEC FINANCE ministers yesterday managed to salvage the prospect of further development of the European Monetary System despite opposition from West Germany's Bundesbank.

But the slight progress made yesterday robs the EEC summit in two weeks of any chance of re-castin gthe EMS as it enters its fourth year.

France and Italy want the impasse to be discussed by the heads of government, but the Belgian Government's dreams of presiding over an "EMS summit" look shattered.

M Francois Xavier Ortoli, the EEC Commissioner whose ambitions for the EMS are as strong as the Belgians', pledged last night to persevere in the hope that the finance ministers may make some decisions at their May meeting.

But it seems that either a change of view by the Bundesbank or a substantial softening of the Commission's already modest proposals will be needed to make this possible.

The proposals covered four areas: extending the use of the European Currency Unit (ECU) both for private transactions and for EEC borrowing and lending; increasing the use of the ECU in settling short-term debts between EMS central banks; greater efforts to align the performance of member states' economies; and initiatives to achieve co-operation with the U.S. and Japan on the management of internationa lexchange and interest rates.

Ministers could generally agree yesterday that these were all desirable, but they called for more detailed mechanims from the EEC's monetary committee and the central bank governors.

As expected, West German reservations were the strongest.

Herr Hans Matthoefer (left), West Germany's Finance Minister, talks to Sir Geoffrey Howe, the Chancellor of the Exchequer, shortly before the meeting

Herr Hans Matthoefer, the West German Finance Minister, sympathised with the objectives, but cited Bundesbank opposition as the reason for not accepting many of the Commission's proposals for achieving them.

The gap between member-state inflation rates and other economic indicators would have to be narrowed to sustain a new development of the EMS, he said. The authentic West German view was then apparently set out for ministers over lunch by a senior Bundesbank representative.

Essentially, the West German central bank appears as nervous as it was when the EMS was created at a time of general uncertainty and latent currency instability.

The Bundesbank is particularly worried about ideas for widening the obligations on EMS central banks to make reserves available to defend the currencies of other member states.

Nevertheless, Herr Matthoefer put his name to a final declaration setting out the need to strengthen "pragmatically" the procedures for mutual assistance in the system.

Member governments will continue to stress individually concerns about U.S. interest rates and the U.S. policy of "benign neglect" of the dollar—as well as their beliefs that the yen ought to be trading at a higher level.

But they are still far from agreeing on an EEC initiative designed to bring the U.S. and Japan into a monetary partnership.

Fears for future of Irish industry

By Brendan Keenan in Dublin

THE CONFEDERATION of Irish Industry has endorsed a claim by the managing director of the country's Industrial Development Agency (IDA) that Irish manufacturing could go into rapid decline unless the trends in domestic costs are reversed.

Mr Padraic White of the IDA claimed that some 350 companies, employing up to 12,000 people, are in danger and are being assisted by the Agency's rescue units for companies in difficulty.

Mr Liam Connellan, the Confederation's director general, said he was not surprised by the figure. The primary national objective must be to bring the Irish rate of cost inflation down

Mr White foresaw the re-emergence of British business as a serious threat to large sections of Irish industry. The Irish inflation rate, at around 20 per cent, is well above that in Britain and Ireland's fellow members of the European monetary system.

If present trends were not reversed, said Mr White, "great sections of Irish industry will slowly reduce their work-force in the fight for survival.

"Unless present trends change, Ireland, by 1983, will be virtually finished as a centre for investment," he said.

At the same time, Mr White was critical of the "gloomy" attention paid to Ireland's economic problems. He believes that the problem can be overcome with the right change in attitude, particularly in the public sector and traditional industries, and that the country could still achieve full employment during the 1980s.

LEADING WEST GERMAN INDUSTRIAL SECTOR SEES EXPORTS SURGE

Mechanical engineering output falls

BY KEVIN DONE IN FRANKFURT

THE WEST GERMAN mechanical engineering industry, the biggest single sector of industry, suffered a fall in production of nearly 2 per cent last year, but the far-reaching impact of the deep recession in the home market has been compensated for by the industry's growing competitiveness in foreign markets.

Mechanical engineering exports grew by 5 per cent in real terms last year helped by the weakness of the D-Mark, while sales to the domestic market slumped by 8 per cent.

Overall, the industry's turnover expanded slightly in nominal terms by 3 per cent to DM 125bn (£29.2bn) from DM 122bn (£28.5bn) in 1980. Mechanical engineering exports jumped by 10 per cent nominally to DM 69.6bn (£16.3bn), while imports grew by only 7 per cent to DM 23.8bn (£5.5bn).

Employment in the industry—at 1.08m, mechanical engineering is the biggest industrial employer in the country—is more than ever dependent on exports, with a small number of oil-exporting countries playing a crucial role.

- New orders from abroad rose last year by 17 per cent, while domestic orders fell by 9 per cent (in real terms).
- Capacity working in the sector fell to 81.9 per cent in December from 84.9 per cent a year earlier.
- The number of workers on short-time working rose to 81,200 last month from 44,500 a year earlier.
- Total capital investment last year dropped by 4 per cent in real terms to DM 5.6bn (£1.3bn) and a further drop of 4 per cent is expected in 1982.
- Mechanical engineering production is expected to grow by 1-2 per cent in 1982 based on the high level of foreign orders booked in past months.

New Iraqi orders last year for building machinery and turn-key building materials plants were alone higher at DM 2.5bn (£585m) than the total orders received from the West German domestic market itself.

There is growing concern in West German industry about the ability of some oil exporting countries to continue to pay for machinery imports on this scale.

According to Herr Tyll Necker, president of the Mechanical Engineering Federation, companies are worried that certain countries "have burned up in import orders future oil revenues based on yesterday's crude oil prices."

Exports to members of Opec jumped by 42 per cent to DM 7.3bn (£1.7bn) last year and accounted for 10.4 per cent of West German mechanical engineering exports compared with 8.1 per cent in 1980.

The increasing trade with such countries has more than compensated for the decline of trade with the East bloc, which fell last year by 4 per cent to DM 5.5bn (£1.28bn).

A series of industrial countries headed by France remain the leading markets for West German plant and machinery. Mechanical-engineering exports to the U.S. jumped by 22 per cent to DM 5.3bn (£1.2bn) last year, helped by the weakness of the D-Mark against the U.S. dollar. But the biggest growth rates last year were shown in demand from particular oil exporting countries.

Mechanical engineering exports to Iraq jumped by 66 per cent to DM 1.5bn (£351m), to Saudi Arabia by 73 per cent to DM 1.3bn (£304m) to Mexico by 34 per cent to DM 1.1bn (£304m) and to Nigeria by 20 per cent to DM 1bn (£234m).

In spite of current export successes, West German mechanical engineering groups are concerned that their long-term international competitiveness is being undermined, partly by the emergence of the Pacific Basin as the most promising area of above-proportional growth with the Japanese and South Koreans already well-established as competitors, and partly by the subsidised financing offered by countries such as France, Britain and Italy.

"To a growing extent, West German companies are having to move manufacturing orders abroad for reasons of financing and holding competitiveness," said Herr Necker.

Bonn foresees record profit for Bundesbank

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government believes the Bundesbank, the Central Bank, is heading for more record profits this year, meaning that a much bigger sum than expected will be turned over to Bonn.

One key effect of this bonus would be to take some of the pressure off the sorely strained Bonn coalition, as it seeks to finance the federal budget for 1983.

So far the Government has been expecting only DM 3.5bn (£8.20m) from the 1982 Bundesbank profits, which by law have to be turned over to Bonn after allowing for addition to Central Bank Reserves.

However, in an interview at the weekend, Herr Hans Matthoefer, the Finance Minister, said he believed that this year's Bundesbank payout to Bonn would be around last year's record level of DM 10.5bn.

The key reason for the higher figure is continuing high interest rates which, among other things, boost Bundesbank income on its holdings of U.S. Treasury bills.

Herr Matthoefer's apparent intention in making his statement now is to encourage those in the coalition who are already fearing a repeat of last year's battle over the 1982 budget.

The Social Democrat and Liberal Free Democrat partners came close to a plit in trying to decide how to make budget savings and hold down state borrowing. A higher Bundesbank profit than expected was one factor which finally helped them avoid a break.

However, Herr Matthoefer's comments could also cause new problems fo rthe Government in two ways. For one thing, Bonn is in the middle of a dispute with the Laender (the provincial states) over what percentage of turnover tax revenue each should receive in future.

Herr Matthoefer has partly weakened Bonn's bargaining position on this issue by revealing that the Government can now expect so much more Bundesbank profit.

Further, his remarks could spark a new debate over how Bundesbank profit should be used. The Government's critics argue that, as the present profit figures are exceptionally high, Bonn should only use a fairly small part to finance expenditure and use the rest to cut state borrowing.

Belgian Government attempts to defuse crisis over steel giant

BY GILES MERRITT IN BRUSSELS

THE BELGIAN Government yetserday moved to defuse the worsening political crisis surrounding Cockerill-Sambre. The oiling steel-making giant is losing more than BFr 1bn a month and is the target of tough restructuring cutbacks.

It announced the appointment of a new chief executive, Mr Michel Vandestrick. His priority will be to negotiate a compromise closures programme with the European Commission that could soften the political impact in Belgium's French - speaking Wallonia region of the Cockerill-Sambre restructuring.

It remains to be seen, however, whether the Belgian Government's move will calm the Cockerill - Sambre steel unions. Earlier, they had warned that central Brussels would be brought to a standstill by an unprecedentedly large protest march of Liege and Charleroi steelworkers.

There are fears that up to [illegible] men, many of whom are threatened with redundancy by the restructuring measures backed by the EEC, will today stage protests that could eclipse the violent clashes with riot troops that marked a smaller demonstration last month.

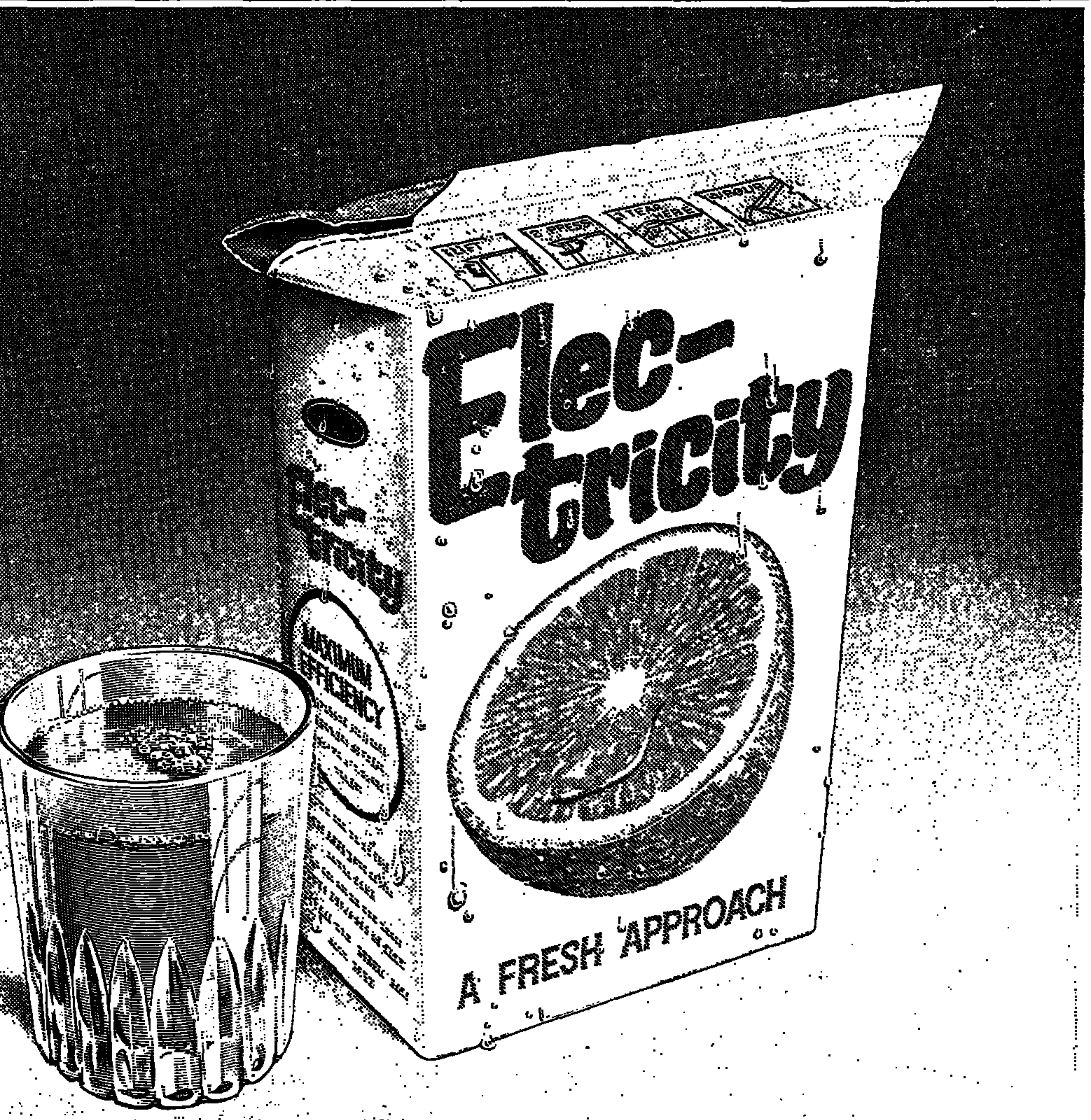
The announcement of a new chief executive for Cockerill-Sambre does mean, however, that after several months of managerial vacuum the state-owned Belgian steel group will come under firm direction. Mr Vanderstrick is currently head of the Fabrique Nationale, the Liege based arms and aerospace group that he has been nursing back to financial health.

Considerable doubts, nevertheless, surround the compromise restructuring plan that the Belgian Government wants Mr Vanderstrick and Cockerill-Sambre's new management team to negotiate with the Commission.

The broad lines of the revised programme were put yesterday by Mr Wilfried Martens, the Belgian Prime Minister, flanked by four cabinet colleagues, to Viscount Etienne Davignon, the EEC Industry Commissioner. But here have been no signs that Viscount Davignon has altered his view of a fortnight ago that radical closures are needed if Cockerill-Sambre is to survive at all.

The details of the government's closures programme are still unclear. They are believed to aim for a middle course between the original Belgian plan to cut Cockerill-Sambre's capacity of almost 11m onnes of crude seel a eyar to 8.5m tonnes and the sterner measures being backed by the Commission to reduce that capacity to nearer 7m tonnes.

In jobs terms, the latter proposals could mean a near doubling of redundancies to some 10,000 men, and the response of the Cockerill-Sambre steel unions since the end of last month has been to stifle production with a series of indefinite strikes.



India discounts military alliance with Moscow

BY K. K. SHARMA IN NEW DELHI

THE ARRIVAL in India yesterday of one of the most high-powered Soviet military delegations ever to visit a non-Communist country is understood to have seriously embarrassed the Indian Government.

New Delhi has gone so far as to let it be known that no talks will be held on any form of military alliance with Moscow.

Observers in the Indian capital believe the Soviet Union has despatched the delegation, led by Marshal Dmitri Ustinov, Soviet Defence Minister, to extract political mileage from the fact that India has backed Moscow's presence in Afghanistan.

Marshal Dmitri Ustinov

The Russians are also thought to be keen to demonstrate, in face of persistent regional hostility to their invasion of Afghanistan, that they have a 15-year friendship treaty with India which has nurtured growing economic and military links in the past decade.

Soon after his arrival yesterday, Marshal Ustinov met Mrs Indira Gandhi, Prime Minister of India, and Mr R. Ventakaraman, India's new Defence Minister.

The Russian delegation consists of about 70 members, including the naval and air chiefs, and the deputy army chief. A number of officers of the rank of lieutenant-general and major-general form part of the team.

Despite the Indian disclaimer on the political importance of the delegation, efforts are to be made to obtain Moscow's approval for plans to build MiG-23s in India, and to buy MiG-27s for the Indian Air Force.

This can be hastened by obtaining the approval of Marshal Ustinov, a senior member of the Russian Politburo.

The Indians are also expected to try to obtain Soviet assurances for the continued supply of spares and components for the vast amounts of Russian military hardware — including MiG-25s, MiG-23s, MiG-21s, tanks, missiles and artillery — being used by the Indian armed forces. The possibility of suspension of such supplies could seriously jeopardise the effectiveness of the hardware.

On his arrival in New Delhi, Marshal Ustinov said that Indo-Soviet relations were developing stably and dynamically. They embraced practically all the most important spheres of co-operation between the two countries.

"Successful co-operation in the field of defence between the two countries serves both the national interests of India and the Soviet Union as well as the interests of the strengthening of universal peace and security."

Why Pretoria's militant exiles threaten white morale

BY PETER BRUCE

THE bomb blast which wrecked the London offices of the African National Congress (ANC) on Sunday was a dramatic demonstration of the growing violence of the conflict in South Africa.

It also underlined the position of the ANC, Africa's oldest-established nationalist movement, as the leader of exiled opposition to white minority rule.

Whoever may have been responsible for the bombing—inevitably, South African agents or sympathisers are seen by the ANC as the prime suspects—there is no doubt that the organisation is regarded today by South Africa's intelligence and security services as the most formidable of the black-led opposition movements.

In spite of being outlawed for the past 20 years within South Africa, the ANC has also enjoyed an upsurge in public demonstrations of support within the country. The ANC colours, banners and slogans, have been paraded blatantly in front of the security police at recent funerals of radical black and white sympathisers.

Such demonstrations of support for the movement have followed a steady increase in the tempo of violent demonstrations against the apartheid system, including bombing of public buildings, and sabotage of installations.

There is evidence of increased anxiety in the white community over the ease with which ANC insurgents now seem able to enter, operate in, and leave the country. Major-General Johan Coetzee, the Security Police chief, noted last year "the terrorist onslaught" against South Africa had increased dramatically over the past few years. "The terrorists," he said, "are succeeding in inflicting damage on selected targets."

Oliver Tambo . . . new popularity for the movement

Probably foremost in General Coetzee's thoughts was the spectacular raid in 1980 on South Africa's prestige oil-from-coal plant at Sasolburg in the Transvaal.

The increase in guerrilla activity inside South Africa is due largely to the ANC's quick response to the violent rioting that spread through the country in 1976. ANC operatives in neighbouring countries were quick to recruit the bulk of young blacks who fled the country in droves in the wake of massive State retaliation to the uprisings in Soweto and other black townships.

Five white Communists were said by South Africa's security police yesterday to have travelled from England to South Africa last August to organise a rocket attack on an army base, Reuter reports from Pretoria. The five, four men and a woman, were said to have left South Africa before the attack on the Voortrekkerhoogte base near Pretoria which was carried out by ANC members who escaped after a gunfight.

Mr Oliver Tambo, the ANC's present leader, is a former law partner of Mr Nelson Mandela, the imprisoned leader of the ANC's old internal wing. Both men joined the organisation's governing executive from university in 1945 and Mr Tambo set up the ANC in exile when he left the country in 1960.

Largely because of the enduring popularity inside South Africa of Mr Mandela, the ANC appears to have retained black support despite a long period of relative quiescence. It has also been greatly helped by the infighting which has beset its exiled rival, the Pan Africanist Congress. The death of the PAC founder, Robert Sobukwe, in 1978, effectively robbed the PAC of its stability.

The ANC has something of an advantage over the others. Founded in 1912, it is the oldest black nationalist movement in Africa in addition to close ties with the "frontline states"; it has also been able to capitalise on links built up with the South African Communist Party.

The ANC established Communist links in the mid-1950s when it took part in an attempt to form a multi-racial anti-apartheid umbrella body comprising black, white, Asian and coloured (mixed race) organisations. The Communist Party of South Africa had been banned five years earlier, in 1950, but some members participated in the move to multi-racialism with the Congress of Democrats.

This umbrella body never really got off the ground but the Communist and black nationalist strands had intermeshed firmly enough for the ANC to remain even now a curious mixture of two ideologies.

While ties between the ANC and the exiled SACP remain very close, tensions unquestionably persist within the movement over the extent of communist influence on it. Mr Sobukwe broke away to form the PAC in the late 1950s for just this reason. The argument of ANC critics then, as now, was that the policies of the SACP incorrectly deflected the focus of the "struggle" from the race issue to one of class.

In exile, however, the ANC found the SACP as invaluable ally in that it has been able to function as a channel for funds and weapons from the Soviet bloc. By being able to "deliver" Moscow during the early years of exile the SACP, which has always remained close to Moscow, played probably its most valuable political card.

Nelson Mandela . . . prisoner of the state

Weapons for the ANC guerrillas are still supplied almost exclusively by the Communist bloc and there have been reports of Cuban instructors being used by the ANC military wing. As near as can be reliably determined the movement has up to 5,000 men under arms, only a few of whom have been used in South Africa yet.

Mr Tambo himself now spends much of his time at the ANC secretariat outside the Zambian capital, Lusaka, and he is understood to be keen to establish a presence in Zimbabwe.

The ANC's hand has been forced to a certain extent in the present campaign. The youngsters it recruited in Botswana, Swaziland and Lesotho after 1976 have urged the organisation to arm them and send them back into the country.

Faced with this kind of pressure, there are signs that the dogmatic and heavily ideological approach to revolution, apparently favoured by the ANC leadership for most of its exile, is giving way to a new, more pragmatic sense of urgency.

In a particularly revealing statement of strategy, Mr Tambo predicted in Salisbury last year that "South Africa is going to surprise the world and us" by showing itself vulnerable much sooner than expected.

"It (sabotage) is going to spread and it is going to get heavier and it is going to get nastier, for us as well as them," he said. Until then, beyond a few aberrations which have embarrassed ANC leadership, its guerrillas had attacked only government installations. But Mr Tambo warned that "activity cannot stay at the same level and be effective." New escalation would probably involve civilian casualties.

The movement's Secretary General, Mr Alfred Nzo, drove that point home last week in London when he warned foreign sportsmen playing in South Africa that they were entering a war zone. The last time that warning was made publically in the region, it came from Mr Nkomo, soon after his guerrillas had shot down a civilian airliner.

Hanoi seeks rescheduling of $200m debts to Japan

TOKYO — Japanese bankers say Vietnam has asked Tokyo to reschedule about $200m (£110m) in Japanese bank loans and trade credits.

The amount, including $160m in loans from banks and $40m in credits from traders, is part of about $500m extended to Vietnam in 1977 and 1978 to finance steel and machinery imports from Japan.

The bankers said representatives of the Vietnamese Foreign Trade Bank recently visited Tokyo for detailed negotiations

Vietnam suspended payments on Japanese loans and credits last summer because of a shortage of foreign currency resulting from a decline in exports of its smokeless coal.

The bankers were unable to confirm a report in the daily newspaper, Yomiuri Shimbun, that Vietnam is seeking to reschedule over five years with the Japanese side insisting on two years.

Reuter

Talks resume on Sinai disputes

BY DAVID LENNON IN TEL AVIV

EGYPT'S Foreign Minister, Mr Kamal Hassan Ali, arrived in Israel yesterday for three days of talks on resolving the dispute between the two countries over the demarcation of their international border after April 26 when Israel withdraws from Sinai.

Israel is threatening not to complete the evacuation unless the border disputes are resolved and has already dismissed an Egyptian proposal that the disagreement be placed before an independent arbitrator.

The major disagreement is over the Taba area on the Red Sea, where an Israeli hotel and holiday village has been built. Egypt claims the holiday facilities are located on its side of the border, while Israel insists the frontier runs further south, leaving the hotel and village in Israel.

There are also arguments over the exact line of the border at 15 other points, but these only involve a few dozen yards of desert in each case. The international boundary was drawn in 1906 by Britain and Turkey, the imperial powers of the day.

During a previous visit Mr Ali resolved the dispute concerning the town of Rafah at the northern end of the border on the Mediterranean in talks with Mr Ariel Sharon, the Israeli Defence Minister. Rafah will be divided by the international border which runs through the town and across its main street.

The Egyptian Foreign Minister arrived yesterday with a large delegation, including Mr Butros Ghali, the Minister of State at the Foreign Ministry.

The problems surrounding the visit to Israel by President Hosni Mubarak are also likely to be discussed. The Egyptian leader has refused to include Jerusalem on his schedule and Israel has said that in that case he had better not come at all.

● A dozen West Bank Palestinians have now resigned from the pro-Israeli village leagues following Jordanian threats to institute charges of treason against any Palestinian continuing as a member of the organisations.

Israel set up the leagues in an attempt to create an alternative leadership in the occupied territories to that of the elected mayors, many of whom are supporters of the Palestine Liberation Organisation.

By channelling funds, patronage and even arms to the leagues the Israeli authorities established six in rural parts of the West Bank. The growing strength of the organisations led Jordan last week to issue warnings of dire penalties, including the death penalty against league members.

French halt arms flow

By Francis Ghilès

FRANCE has suspended deliveries of certain weapons to Morocco because of repeated delays in payment. The decision comes only a month after Morocco obtained a moratorium of one year on its military debt to France, which amounts to about £440m.

Morocco has, in recent years, purchased a wide variety of French weapons: AMX 10 tanks, Puma and Gazelle helicopters, Mirage I and Alpha-J jets, troop carriers and military patrol boats.

The state of the kingdom's finances and balance of payments remains precarious because of the combined effects of the six-year-old Saharan conflict, the worst 18-month drought in living memory, which lasted until last December, and high U.S. interest rates.

Lebanon worried by flight of diplomats

BY IHSAN HIJAZI IN BEIRUT

LEBANON'S Government is deeply worried by the flight of Arab diplomats from Lebanon because of security worries.

The Foreign Ministry has been in touch with Kuwaitis to inquire about the abrupt return home last week-end of Mr Abdel Hamid al Buaijan, Kuwait's Ambassador. The official explanation was that Mr al Buaijan and several members of his staff and their families have been given "open-ended leave of absence

In an interview Mr al Buaijan admitted that his departure was for security reasons.

The Jordanian Government last week withdrew its last diplomat from Beirut leaving Lebanese staff to run the consulate.

The Saudi Arabian ambassador, Mr Ali Shaer, has not been to Beirut for almost six months. No explanation for his absence has been given.

Our Foreign Staff adds: Iraq, whose embassy was destroyed by explosives last December with about 100 people believed killed, has relocated its diplomatic presence in the eastern sector of Beirut which is controlled by right-wing Christian militias.

The outrage was generally believed to have been committed by Shi'ite extremists, probably of the Amal paramilitary group, who support Iran in the Gulf war. The connivance of Syria, which provides all the manpower of the Arab Deterrent Force in Lebanon, has not been ruled out by observers.

Reagan on tour of states to push budget proposals

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan *yesterday took* to the road to campaign at state level for his budget and "new federalism" proposals, on both of which he has promised dialogue with his opponents.

He received a mixed welcome at Stops in Alabama and Tennessee, where unemployment is at record levels, before speaking in Oklahoma today. In Alabama, a black member of the state legislature threatened to lead a black walkout rather than listen to Mr Raegan's "reverse Robin Hood policies."

In his Alabama speech, Mr Reagan was planning to pledge "full co-operation in reaching bipartisan compromise with Congress on his budget. He *warned, however, that he had* little time for "parade-walkers who march out to denounce the propected deficit on television, but then slip back behind closed doors to bust the budget."

President Reagan: no time *for parade walkers*

Appealing directly to the *American people*, he blamed Congress for causing taxes to double betweeu 1976 and 1981 and for trying to block his efforts to reverse the trend by opposing his tax cutting programme.

Mr Reagan planned to tell his local audiences that he was not wedded to every detail of his "new federalism" plan—which would give new fiscal and political responsibilites to the states—and was ready for dialogue.

He wants to stress that he does not plan to balance the *federal budget* "*on the backs* of the states" and that there will be no need for tax increases at the local level.

In New York, Mr Pete Domenici, chairman of the Senate budget committee, said he was optimistic that "in the very foreseeable future" Congress would put together an alternative, bipartisan budget plan.

Market fears the worst as U.S. recession deepens

IS AMERICA heading for another depression? Most economists say no. But the collapse of the U.S. stock market, soaring bankruptcies and lengthening dole queues have created such feelings of doom and gloom in America that talk of economic calamity has not only become widespread but perfectly respectable.

Newsweek and Time, not normally publications which set out to scare their solid middle-American readership, recently ran articles with headings like "The Depression Syndrome" and "How Safe are your Savings?"

Students of business cycles have been muttering darkly about the Kondratieff theory, which holds that capitalist economies suffer major setbacks every 50 years or so—and the last one, as everybody knows, was in the 1930s.

The decline in the stock market looks especially ominous. The Dow Jones industrial average hit a new two-year low last week, having shed more than 20 per cent since its latest peak. Trading was tumultuous, with some vulnerable high technology stocks losing several dollars in value on a single day. In February there were more business failures than at any time since the Depression, and a dozen small banks have had to be rescued by bank regulators.

Corporate profits, which fell 3 per cent in 1980 and 5 per cent last year, could fall at least as much again this year, and many large companies are deep in the red. "The stock market is discounting if not a great depression then at least a great recession," said one Wall Street stockbroker.

People are not throwing themselves off window sills yet, but investment specialists report a marked shift of money into safe havens like Treasury bills and bonds. Money market funds which invest exclusively in top-notch securities have been growing fastest, even though the return they offer is lower.

In the 1930s, one broker recalled, Treasury bills sold not at a discount but at a premium—people were willing to pay $1,100 for a $1,000 bill just to be sure to get their money back in three or six months' time. "What you get is a flight into money" he said.

Disinflation—another symptom of recession—is also at its most marked since the mid-1970s, when the U.S. economy was suffering the worst of the oil shock. Wholesale prices fell for the first time in six years in February, and the value of tangible assets has slumped. Real estate, commodities, fine art and precious metals are all down, which means that household balance sheets built on these erstwhile inflation hedges, have shrunk, and along with them their borrowing power.

It makes for an alarming picture, whose colours have been heightened by a crop of Doomsday advertising from financial councillors offering help in crisis investing. As yet, established economists view depression as no more than a remote possibility, partly because they think the worst may already be past and partly because Washington has far more power to influence the economy today than it did in the 1930s.

"The Fed (Federal Reserve Bank) need only cut a discount rate by 2 per cent and the economy would be off like a rocket," said a bank economist. By coincidence, three large New York banks—Citibank, Chase Manhattan and Morgan Guaranty—were predicting an economic recovery just as the stock market collapsed last week.

However, the economic fraternity believes that while things could perk up for a while, the U.S.'s basic ills are far from over, and in this sense they say the stock market is right to be so bearish.

The current recession, which began last July, is the second in only two years, and the third in only seven, meaning that the economy is hitting a trough at twice the historic rate. In fact

While U.S. economists remain calm, public opinion in the country is being infected by a new depth of pessimism. **David Lascelles** in New York describes how talk about "depression" has become commonplace in recent weeks.

some badly-hit industries, such as vehicle manufacturers and constructions, have been in continuous recession for three years, and the fear is that this pattern will continue under the policies being pursued by President Ronald Reagan.

What the U.S. is facing, economists say, is not so much a depression as an economic impasse—though if it lasts long enough, this could become pretty depressing, too.

If the economy picks up, the surge in demand will push up interest rates again, which is normal in a recovery. But with the prime rate still at 16½ per cent, financing costs are already extremely high, and any increase would quickly choke off a recovery. An economic upturn, it is felt, would contain the seeds of its own destruction, as it did last year when it propelled the Prime to a record 21½ per cent.

One New York banker, who specialises in lending to middle-sized companies and tries—unsuccessfully—to hold his prime rate half a per cent below everybody else, believes that 17 per afford. "If it goes back to 21 cent is the most his clients can per cent, you can be sure that there will be a huge number of bankruptcies," he said.

With the best most people hope for being a short-lived recovery, followed by the third recession in as many years, the U.S. has not been slow to find a culprit—the record deficits in the Reagan Administration's budget.

Plenty of economists have argued that deficits in themselves do not matter provided the Fed does not print new money to finance them. But these arguments have been swamped by the popular perception—right or wrong—that deficits are harmful and are eating away at the U.S.'s economic foundation. The Fed seems to share this view, which is why interest rates have failed to come down as they usually do in a recession.

This gloomy prognosis has been embraced by America's top business leaders, who have now publicly broken ranks with the Administration they once so warmly supported. Today, they are pleading with Mr. Reagan either to increase taxation or cut defence spending, or both.

Mr John McGillicuddy, chairman of Manufacturers Hanover Trust and a member of the prestigious Business Roundtable, which lobbies on behalf of budget companies, said last week: "While I admire the President and support his ultimate objectives, I consider the proposed budget to be not a blueprint for recovery, but a recipe for even greater disruption in our economy and financial markets.

"The plain fact is, deficits *do* count. They *do* matter. And they are the major reason that our interest rates stay close to record high levels. And these high interest rates, in turn, are a major cause of much that ails our economy.

"Thus, to my mind, any talk of an investment-led recovery is, at best, premature, if not totally unrealistic."

Some stockbrokers—eternal optimists that they are—have welcomed all the depression talk as a sign that things have got as bad as they can, and that the stock market is on the point of rallying. Others have welcomed the scaremongering for different reasons: they hope it will persuade Mr Reagan that the time has finally come to make some compromises on the budget or risk condemning the economy to chronic recession.

Brazil enters nuclear age 5 years behind schedule

BY ANDREW WHITLEY IN RIO DE JANEIRO

FIVE YEARS behind schedule, Brazil entered the nuclear age last weekend with the commissioning of its first nuclear reactor, the U.S.-built Angra-1 power station.

The cost has been high. Originally budgeted at $300m (£166m), Angra-1's final cost has risen to over $1.3bn (£722m), giving a unit cost per installed kilowatt of $2,150—four times the average cost of hydro-electrically generated electricity in the region.

Westinghouse, the suppliers of the reactor, and the main contractors, have suffered a series of setbacks with the 626 MW power station, which is located on Angrados Reis Bay, between Rio and Sao Paulo.

The latest problem which halted the power station's entry into service late last year followed the discovery that identical Westinghouse-built *plants in Sweden and Spain had* suffered cracked pipes.

An exhaustive examination and replacement of certain components cleared the way for the reactor to come on stream on an experimental basis.

For the rest of this year, Angra-1 is expected to be operating at only 30 per cent of its capacity, the limit authorised by Brazil's nuclear supervisory body, CNEN. One reason must be the over-capacity that already exists this year within the catchment area of Furnas, the regional electricity authority responsible for the plant.

Nuclebras, the federal nuclear agency, yesterday received bids from nine Brazilian contractors to handle the construction work for Angra-3, the second of the planned eight West German nuclear power stations.

Angra-2, which is already under construction, and Angra-3 are on the same site.

Colombian Liberals lead in poll

By Our Bogota Correspondent

COLOMBIA'S Libertl Party, led by former President Alfonso Lopez Michelsen, has retained its majority in the congressional and local government elections.

With less than half the votes cast on Sunday counted so far, estimates suggest that the Conservative Party has made no significant headway compared with the last elections, and that the Left has failed to increase its quota of representatives.

However, the young Liberal senator and Presidential candidate, *Sr Luis Carlos* Galan, appeared to have won a sweeping victory in the capital, Bogota.

Despite the violence that preceded the elections and threats of sabotage from the *April 19*—M-19—guerrilla movement, strict security measures ensured an uneventful ballot.

President Julio Cesar Turbay said that Colombian democracy had met its most dangerous challenge in recent years, and voters had shown their faith in constitutional liberties.

The two main rivals in the Presidential elections, to be held on May 30, are Sr Alfonso Lopez Michelsen, for the Liberals, and Sr Belisario Betancur for the Conservatives.

Argentine peso slide continues

By Jimmy Burns in Buenos Aires

TWO MONTHS of stability on Argentina's volatile foreign exchange market were shattered yeseterday when the peso slid from 11,000 to the dollar to a range of 12,100-12,800. The fall intensified last week's decline from 10,050 last Monday.

Bankers had been keen not to resurrect the term "exchange crisis" early yesterday, and claimed that the peso, which has been allowed to float freely since last December, would soon stabilise again at a more realistic level.

But by the afternoon it seemed they had seriously misjudged the market. Queues were again forming in downtown Buenos Aires, with exchange houses offering wide spreads between buying and selling rates for the dollar.

Yesterday's movements of the peso were perhaps the sharpest indication to date that Sr Roberto Alemann, Economy Minister, may have seriously over-estimated public confidence in his economic programme.

Last week was the first time since December that the central bank was reported not to have intervened to prevent a renewed rush on dollars.

El Salvador opinion poll shows mistrust of election

BY HUGH O'SHAUGHNESSY

WIDESPREAD MISTRUST of the elections to be held in El Salvador on March 28 have been revealed in an opinion poll carried out by the Central American University in San Salvador.

The survey was based on replies from a sample of 1,789 university applicants aged between *18 and 27*. It showed that 75.7 per cent of the respondents favoured no political party taking part in the elections, 10.9 per cent favoured President José Napoleón Duarte's Christian Democrats, and 5.3 per cent supported Arena, the extreme right-wing grouping led by Major Roberto d'Aubuisson.

Only 39.2 per cent of those polled said they would vote, and 58.3 pe rcent said the elections would not begin to solve the problem of the war

Negotiations between the Duarte Government and the insurgents wer efavoured by 47.7 per cent of the sample, while 22.2 per cent were opposed. The rest were "2 don't knows."

The results of the survey, one of the few credible public oipnion operations to have been ehld in the war conditions in El Salvador, will bring no joy to the Duarte Government or to the U.S. Administration which is backing the elections.

WORLD TRADE NEWS

Bonn has strong presence at Leipzig fair

BY LESLIE COLITT IN LEIPZIG

A STRONG West German political and economic presence at the international trade fair in Leipzig, the major East-West trade event, is seen as a signal to Comecon that West Germany wants to expand its ties with the East despite U.S. economic sanctions against Moscow and Warsaw.

Herr Otto-Wolff von Amerongen, president of the influential West German Chamber of Industry and Trade (DIHT), has held talks with Herr Erich Honecker, East Germany's leader. Her Wolff is an outspoken critic of the U.S. sanctions and has urged the Bonn Government not to follow suit.

An influential member of the opposition Christian Democrats (CDU), Herr Walther Leisler Kiep, has also held talks with East German officials.

East Germany disclosed that it has received a message from President Ronald Reagan welcoming the fair. Mr Herbert Okun, U.S. ambassador to East Germany, told Her Honecker, who visited a U.S. stand, that Washington was still interested in promoting trade with East Germany "despite the complicated international situation."

Other prominent West German visitors to Leipzig include the Mayors of Hamburg and Bremen, both leading Social Democrats, and the lesser-known Mayor of Neunkirchen in the Saarland, Her Honecker's birthplace.

The West German contingent in Leipzig, where West German companies are second in number only to East Germany, will be added to later this week by Count Otto Lambsdorff, Bonn's Economy Minister, who will first have talks in East Berlin with Herr Guenter Mittag, East Germany's politburo member in charge of economic affairs.

East Germany is interested in widening its economic links with West Germany because of its deficit in trade with other OECD countries and a lack of coal imports from Poland.

West Germany's permanent representative in East Berlin, Herr Klaus Boelling, who is close to Chancellor Helmut Schmidt, appealed to Herr Honecker to take into account the "political and psychological" aspects of East-West German relations.

This was taken to mean that East Germany should give a strong sign of its political goodwill by lowering its currency exchange requirements for West Germans and West Berliners entering East Germany.

West Germany is afraid that without such a move its population will begin to question the benefits of detente between the two Germanys.

A Western European bank is reported in Leipzig to be having difficulty putting together a $40m loan to the Soviet Union for the purchase of grain from Argentina.

The terms, five-eighths over Libor, for three months, are regarded by Western bankers as very high. The problems in floating the loan are said to indicate the degree of nervousness among Western bankers over their loan exposure to Comecon countries.

● *Herr Honecker (right)*

Scotch popular with Japanese women, survey reveals

BY OUR TOKYO STAFF

SCOTCH and British men's wear enjoy better than expected chances of sales to Japanese women. Practical china, women's suits and knitwear made in the UK, attract the most interest among Japanese consumers; British toiletries and socks the least.

These seemingly unremarkable findings are included in the results of a recent study of Japanese attitudes towards British consumer goods.

What is remarkable about the study, though, is that this is the first time the British have carried out a microscale consumer marketing survey† in Japan.

The survey, commissioned by the British Overseas Trade Board to help determine why UK goods do—and do not—sell well in Japan, is a step towards emulating the Japanese well-tried trading dictum: know your market.

The survey was limited to a poll of visitors to a five-city British promotion sponsored by a leading Japanese department store last year. Though it was confined only to those interested enough to attend, it does offer useful raw data.

Generally, UK attempts at cracking the Japanese consumer market have been inconsistent. This is despite certain "natural" attractions that British goods may have in Japanese eyes. Chief among them is the fact that the Japanese seem to enjoy the "traditional British atmosphere."

> Generally, UK attempts at cracking the Japanese consumer market have been inconsistent. This is despite certain "natural" attractions that British goods may have in Japanese eyes. Chief among them is the fact that the Japanese seem to enjoy the "traditional British atmosphere".

On the other hand, though the Japanese are affluent consumers, they demand quality for money. A good example of this may be British furniture, which 54 per cent of those questioned liked because of "traditional atmosphere," but regarded as too expensive.

This difference between price and quality has tended to encourage the licensing of British goods for production in quality-conscious Japan, a trend which some British trade officials want to discourage.

Among the potentially-useful information revealed by the study is that Japanese women are surprisingly interested in buying scotch, albeit many on behalf of their husbands.

Scotch scored high among those questioned for "atmosphere" and for carrying a well-known brand name. The Japanese were less impressed by how well made it was, its colour and packaging.

A rather surprising 28.1 per cent of the people who decided against buying scotch did so because "Japanese made it better."

The survey covered a number of other products on display—jewellery, furniture, foodstuffs, knitwear, men's and women's clothing, tableware, china and glassware—as well as consumer views on which goods they would like to see more easily available.

The British Overseas Trade Board, meanwhile, is planning a more detailed study of the market.

†Market Research on Visitors to Mitsukoshi's British Promotion 1981, available through the British Overseas Trade Board.

Jobert to begin Tokyo talks today

By Richard C. Hanson in Tokyo

M MICHEL JOBERT, the French Foreign Trade Minister, will today begin four days of talks in Tokyo on bilateral economic and trade problems.

France is expected to press Japan on its bilateral trade surplus, which grew to $1.05bn (£552m) last year from $726m in 1980. Both sides are at odds over the problems of access to each other's markets.

M Jobert's scheduled meetings with various members of the cabinet are to be short. One of the aims of his trip is to clear the way for the visit next month by M Francois Mitterrand, French President, who will be the first French head of state to visit Japan.

But M Jobert also arrives at the head of an important 25-member group of French businessmen who will meet Japanese counterparts during the week to discuss a strengthening of industrial and technology ties between the two countries.

The trade issues outstanding between the two include what Japan regards as a "worrying" tendency for France to step up its protectionist policies against Japanese goods, while Japan is attempting to improve access conditions for foreign imports.

France effectively restricts Japanese sales of cars, televisions, machine tools, and small motor bikes. Japan has agreed to ease restrictions on such items as French mineral water and gama gobulin.

Both sides have been unable to agree a list of other products for which France wants better access.

Japan's mission will be handled with 'diplomacy' by EEC

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission has indicated it is adopting a "carefully diplomatic" approach to the mission of Japanese officials and parliamentarians that opened talks in Brussels yesterday on EEC-Japan trade problems.

The delegation was welcomed by M Gaston-Thorn, the President of the European Commission, at the start of the two-day visit to Brussels, but officials were making it clear Japan's decision to accede only partially to the EEC Council of Ministers' list of trade concessions is likely to cloud the talks.

The Japanese mission has already visited Washington and is now in Brussels with the same object of explaining the importance of the 67 trade liberalisation measures announced by the Tokyo Government earlier this year.

The EEC Commission is concerned not to resort to the "harsh language" that U.S. officials apparently used to convey their scepticism over the Japanese measures, but at the same time will seek to convey to the Japanese delegation the need for greater liberalisation.

Commission officials will be emphasising that, according to the latest calculations, the EEC's trade gap with Japan will in 1982 be comparable to last year's $15bn (£7.8bn) or so, in spite of the 67 measures.

But they are also keen to avoid using the same abrasive tactics their U.S. counterparts allegedly used last week in talks with the Japanese mission.

The fear in Brussels is that failure to discuss the continuing trade problem diplomatically could trigger a backlash of Japanese public opinion that would make further concessions by Tokyo politically impossible.

M Gaston Thorn: welcomed delegation

Detailed discussions between the European Commission and the Japanese delegation, which is made up of former ministers and Diet (Parliament) members of the ruling Liberal Democratic Party and government officials, begin in earnest today.

Our World Trade Staff adds: The Japanese mission to Europe follows a visit to Japan last week by Sig Emilio Colombo, Italy's Foreign Minister and Sig Sandro Pertini, the Italian President.

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Fresh round of trade negotiations suggested

BY OUR WORLD TRADE STAFF

JAPAN yesterday suggested a new round of multilateral trade negotiations as missions to the U.S. and EEC prepared to leave Tokyo in a further bid to contain trade friction.

The Foreign Ministry in Tokyo will shortly start talks with other Japanese Government agencies to work out a plan for a new series of multilateral trade talks, according to the Ministry, reported by news agencies.

The plan will be taken up in Washington at the end of the week when Mr Yashio Sakurauchi, the Foreign Minister, arrives for talks which will be held against the background of growing concern in the U.S. about Japanese trading policy.

This week too Mr Masumi Esaki, a former Minister of International Trade and Industry, will start a two-week tour of the EEC to explain measures which Japan has already taken to facilitate access to its own market—accelerated tariff reductions, steps to bring down 67 non-tariff barriers and the setting up of a trade ombudsman's office.

The mission will also be seeking further ideas on additional measures the Japanese Government can take on market access.

Japanese officials in London interpreted the move towards a new round of multilateral trade negotiations as a sign of willingness to use the ministerial conference of the General Agreement on Tariffs and Trade (Gatt) next November as a springboard for moves to liberalise trade in services.

The U.S. particularly has been anxious to see the Gatt conference set off a work programme on services which might lead to a detailed negotiation in the second half of this decade. The restrictions it perceives on services trading has been an underlying factor in its frustration with Japan.

Nearly half of U.S. exports are thought to be in services like aviation, insurance, banking and engineering, while general trade in services worldwide has been growing faster than trade in goods.

Indonesia remains world's largest exporter of LNG

BY RICHARD COWPER IN JAKARTA

INDONESIA RETAINED its position as the world's largest exporter of liquified natural gas in 1981, boosting its share of the world market to around 40 per cent.

Preliminary estimates show that Brunei and Algeria retained their positions in second and third place respectively, but that total LNG trade declined for the second year running following a series of pricing disputes which hit production.

According to industry officials, total world LNG trade fell by around 6 per cent last year to an estimated 21.8m tonnes, largely owing to a big cut in Libyan exports and a continuous decline in Algerian sales—both results of serious pricing disputes with major customers.

Worldwide LNG sales reached a peak of around 25m tonnes in 1979 when a pricing battle between exporters and importers—most notably between Algeria and the U.S.—brought a halt to 15 years of increasing world LNG output.

Algerian production reached 8.4m tonnes in 1979, fell to 4.5m tonnes in 1980, and declined to an estimated [illegible] tonnes last year.

Libya, which has tried to follow Algeria's lead in attempting to impose higher prices, has been hit even more badly. Production of around 2.5m tonnes in 1979 is unlikely to have gone much above 600,000 tonnes last year.

In contrast, Indonesia sold a record 8.8m tonnes in 1981 according to figures from the Bank of Indonesia. This was an increase of 3 per cent over 1980 and an increase of 4 per cent over 1979, when production was 6.2m tonnes.


It's time the businessman stopped giving other passengers a free ride.

Exhibition centre for Glasgow approved

By Mark Meredith, Scottish Correspondent

THE development of a £30m Scottish industrial exhibition centre on the Clyde at Queens Dock, Glasgow, was approved yesterday by Mr George Younger, Secretary of State for Scotland.

Funds will come from the Scottish Development Agency, Government's industrial-promotion arm in Scotland, local authorities and the private sector. Negotiations have to be completed with Strathclyde Regional and Glasgow District councils.

Work will start this year pending final approval. It is hoped the site will be ready by Christmas 1984.

The Scottish Secretary said about a third of the finance would be private, on a risk basis and a good return for private developers with shares in the centre would depend on its successful operation.

Queens Dock, on the Clyde's north bank, has been derelict for many years. City-planners discussed for some time the need for exhibition sites to supercede the Kelvin Hall, which offers only about 6,000 sq ft of exhibition space.

The site would offer 20,000 sq ft in five halls. One hall would take sporting events and accommodate an audience of 8,000.

The Scottish Development Agency has assembled proposals to build the centre, which would cost an estimated £18m. The remaining £12m would be spent on site-acquisition, reclamation costs, road works, services and environmental improvements.

The Government believes the centre would provide economic benefits for the region and a central shop-window for industry.

British miss £20m Telecom business

BY JASON CRISP

IN A major new departure British Telecom has ordered £20m of central exchange equipment from two foreign-owned companies. One of them is the computer giant IBM.

The order is for equipment to enhance existing exchanges and provide sophisticated facilities which will eventually become available on advanced digital exchanges, such as System X.

British Telecom traditionally has bought most of its equipment from GEC, Plessey and Standard Telephones and Cables, a subsidiary of ITT. This order follows British Telecom's first major international tender for exchange equipment. Eleven companies were asked to tender—including Plessey, GEC, STC, Fujitsu, Thorn Ericsson and Mitel — of which eight made bids.

Two contracts worth £10m each, and worth twice the original tender, were placed with IBM and TMC, which is a subsidiary of Philips, the Dutch electricals giant and a major British Telecom supplier.

STC is believed to be particularly upset that an order has gone to IBM. One of the main exchanges which are to be enhanced (TXE4A) was designed by STC and originally had the features required, before they were designed out for cost reasons at British Telecom's request.

The features include itemised billing, abbreviated dialling, automatic alarm calls, call diversion, an indication that there is another call waiting, call barring which prevents people ringing you, and three-party conference calls. The features will become available on all but the oldest Strowger exchanges.

The contract potentially is worth far more than the initial £10m to each company. British Telecom is understood to reckon 10 per cent of its 26m customers might be willing to pay for extra services, which could be worth up to £260m for the suppliers.

One of the major attractions to British Telecom is that the equipment will enable it to charge differential prices for the same service. This will help it to compete with private services. Although British Telecom retains a Buy British policy, it argues that competition with its own services means it has to buy the cheapest equipment available internationally.

One company which failed to win this latest order thought British Telecom deliberately chose foreign companies, to prove to the Government that competition would damage British industry.

The latest contract involves the installation of "black boxes" at the main telephone exchange between the customer's incoming line and the exchange. Most of the equipment will be made in the UK.

Former BL man in bid to save CP Trim jobs

By John Griffiths

MR PRATT THOMPSON, the former managing director of Jaguar Rover Triumph, is heading an operation to save 70 jobs at CP Trim, the Belfast supplier of interior trim for the De Lorean sports car.

Proposals put last week to the Northern Ireland Development Agency are aimed at preserving that part of the business not dependent on supplies to De Lorean. CP Trim, like De Lorean, is in receivership.

The proposals are understood to involve the injection of fresh private investment if some further help for the venture is also to be forthcoming from the NIDA.

Since leaving BL last year Mr Thompson has been with the Geneva-based Colbert investment group.

CP Trim was formed less than two years ago specifically as a De Lorean supplier, but it diversified recently into plastics technology, luggage-making and seating

Evans in command for another day at Times

BY IVO DAWNAY, LABOUR STAFF

MR HAROLD EVANS remained at his editor's desk at The Times last night although it remained unclear whether he would still be in charge of the newspaper after the board of Times Newspaper's Holdings convenes.

The board, which includes the key six independent national directors, has been asked to attend a meeting tomorrow afternoon, which may be postponed until Thursday if some directors are unable to break engagements and participate.

Mr Evans again declined to comment on his future yesterday beyond a jovial reference to the sinister goings-on in a recent television serial.

"I am not making any comments abou what happens in Borgias part 12," he said. "We are still running Borgias part 11. "I have not resigned as editor."

Mr Bernard Donoghue, an assistant editor at the paper and a close friend of Mr Evans, confirmed yesterday that the editor had been in contact with national directors of the paper at the weekend. But it remains uncertain whether he will await the board meeting to address them.

Mr Donoghue said that Mr Evans has so far declined to resign "because he wished to establish the principle that the editor of The Times should not be railroaded out of the chair."

Nevertheless, Mr Evans may feel that if the board is not to meet until Thursday, a further 24 hours as editor may no be a burden worth bearing. Terms for his departure were agreed on Friday and have only to be signed.

Earlier yesterday, Mr Charles Douglas-Home, deputy editor and expected successor to Mr Evans, called for an end to "divisive operations"

Mr Douglas-Home denied any connection with the radio boardcast on Sunday of letters from Mr Evans to he proprieor, Mr Rupert Murdoch, which were presented as evidence of the editor's failure to maintain editorial independence.

British Gas to pay more for Hewett supply

By Martin Dickson, Energy Correspondent

BRITISH GAS has agreed to pay more for gas supplies from the Hewett and North of Hewett fields, off East Anglia.

The corporation refused yesterday to disclose the price agreed with the 12-company consortium which owne the Hewett fields, but it is believed to be about 6p-7p a therm, high for a field in the southern section of the North Sea.

A contract for Hewitt gas signed in the 1960s enabled the consortium companies to demand a higher price if they felt the terms of the agreement were causing them hardship. The companies invoked this clause in 1977, and the following year were awarded an increase by an arbitration court.

In return for the higher price the companies have agreed to drop from the contract a hardship clause enabling them to apply for a rise in prices. The New deal also give British Gas greater flexibility over the times it receives supplies

U.S. deal catapults the Saatchis into world ranks

David Churchill reports on the reverse takeover of Compton by an 'audacious' agency

SAATCHI AND SAATCHI, the advertising agency which could yet help Mrs Margaret Thatcher win her second General Election, yesterday made its long-awaited foray into the lucrative U.S. agency market. In doing so it jumped headfirst into the world top 10 rankings for advertising agencies.

Saatchi's, which has already risen from virtually nothing to become the UK's largest agency over the past decade, has concluded what it describes as the biggest advertising agency merger in the world.

In a complex financial deal, Saatchi's is paying $29.2m (£16.2m) in cash and a further $27.6m to key executive over the next 10 years for Compton Communications in the U.S. Compton is ranked number 13 in the world league table for advertising agencies with billings of over $1bn in 31 countries.

Advertising agencies throughout the world are fond of creating league tables based on the value of advertising campaign mounted for their clients. Saatchi's billings in 1981, according to the trade newspaper Campaign, were £101.2m, an increase of almost 22 per cent on the 1980 figure. This put Saatchi's some £5m ahead in billings terms of its international rival, J. Walter Thompson.

Strength

The combined strength of the two agencies is estimated at $1.3bn and will make the combined group about ninth in the world.

Saatchi and Compton have worked together as partners in international advertising markets for the past seven years, during which Compton has held a 20 per cent stake in Saatchi's main advertising subsidiary, Saatchi and Saatchi Compton. The two agencies at present share a number of major multinational clients, including Procter and Gamble, IBM, DuPont, Max Factor, United Biscuits, Black and Decker, Nestle, and Kodak.

Both agencies will continue to operate autonomously with independent managements, but will attempt to strengthen co-operation in world markets and especially in Europe.

A new subsidiary, Saatchi and Saatchi Compton Worldwide is being formed to co-ordinate the international development of the group, with Mr Milton Gossett, Compton's chairman, as chairman and chief executive.

The board of this joint company will consist of key executives drawn from the U.S. and UK international operations.

Saatchi's UK operating structure will continue as at present with Mr Tim Bell as chairman and managing director.

The obvious rationale for the link-up is that it enables multinational advertisers to obtain a better service from an agency network spanning both the U.S. and Europe.

Maurice Saatchi, one of the two brothers who founded the agency over a decade ago and who is not yet 40, says that "as more major companies move to thinking about advertising on a pan-European, or world basis, much of the $100bn spent on world advertising will come to be shared around a dozen leading international agencies."

Such strategy is becoming increasingly necessary, especially given the advances in global communications and developments such as satellite television.

But, more significantly, the Saatchi brothers reverse takeover of Compton is their most audacious coup yet in an industry where doing the impossible is considered almost an everyday objective.

Last July Saatchi's stunned the advertising world (and the City) with its acquisition of Dorland Advertising—then the 11th largest UK agency. The deal not only gave Saatchi's total billings in excess of £150m (although Dorlands has been run independently), but also gave it the financial muscle to base its move into the U.S.

Ten years ago, such a move would have been unthinkable for the two young brothers and their relatively small advertising agency. But in 1975 the Saatchis merged their agency into the Compton Partners agency in a reverse takeover that gave the brothers a public quotation in London and a number of major new clients.

Talent

Since then Saatchi and Saatchi Garland-Compton has steadily moved into the number one spot in the UK — outpacing JWT and several other majors —through a combination of good management, a talent for winning new "blue-chip" accounts, and a lot of luck.

Not surprisingly, for a company that has grown so far and so fast, there were some City analysts and advertising industry peers who last night were slightly cynical about the latest move. The general feeling among such critics was that the Saatchi brothers may have over-reached themselves with this deal.

But there were others who felt that since Saatchi's had planned the move for so long, and the partner was an established "bed-fellow," then the merger should work. There is general support, however, for the strategy that sees advertising becoming increasingly an international business in the 80s and 90s.

Although Saatchi and Saatchi is still near the bottom of the top 10 league, giants such as Dentsu of Japan or Young and Rubicam and JWT in the U.S., will undoubtedly soon begin to look nervously over their shoulders at these brash upstarts from the UK.

TOP: Maurice Saatchi of Saatchi and Saatchi
BELOW: Charles Saatchi . . . talent for winning

Pension changes effect 'neutral'

By Eric Short

THE PROPOSED revised terms for contracting-out of the earnings-related part of the state pension scheme are likely to have a neutral effect on employers.

The revisions will hardly lure employers away from company pension plans back into the state scheme, as foreshadowed by some commentators.

This is the main conclusion by Noble Lowndes and Partners, a leading firm of pension consultants, in a review booklet being sent to clients.

Under the terms of the state scheme, employers can opt out of the earnings-related plan by providing the pension through a company scheme. Both employees and employers then pay reduced National Insurance contributions.

Mr Norman Fowler, Secretary of State for Social Security, announced that from April 1983 the present combined rebate of 7 per cent will be reduced to 6¼ per cent and terms for employers buying back into the state scheme will be more stringent.

Noble Lowndes say that although a cut in the rebate was expected the actual reduction was larger than anticipated.

The authors of the booklet consider that, separately, the rebate changes were marginally adverse and their combined effect was a significant worsening of the situation.

They add that investment conditions in the past four years have been favourable to employers contracted-out of the state scheme, producing a broadly neutral net effect in financial terms.

Nevertheless, the booklet suggests that employers should review the situation. Noble Lowndes intends to consult its 2,000 clients on the subject before the end of this year.

Plastic powders plant to close

By Sue Cameron, Chemicals Correspondent

ABOUT 200 jobs are to go when British Industrial Plastics—part of the Turner and Newall group—shuts its plastic moulding powder plant at Whiston near Liverpool by the end of June.

The company says it is shutting the comparatively-modern, highly-automated plant because of a drop in demand, particularly in North America and continental Europe. BIP will concentrate its plastic moulding powder production at its Oldbury site in the West Midlands.

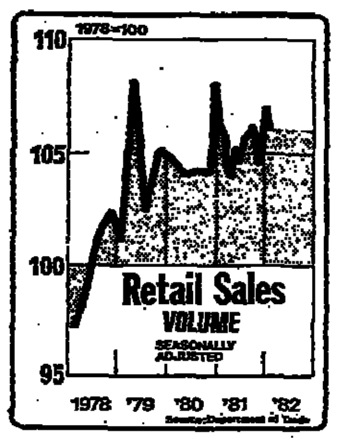
Retail sales fall 0.9% after brief surge in January

BY ROBIN PAULEY

HIGH STREET spending fell in February, according to Department of Trade statistics issued yesterday. After a short January sales boom, retailers are back in the position of a year ago, the figures show.

The sales volume has been sluggish for most of the last year and is expected to remain flat until well into spring, with no real hope of substantial pick-up until the last half or even last quarter of this year.

Although high street spending has fallen, it is still higher than the miserable November figure, which was followed by a December disaster inflicted largely by bad weather. When December spending began it was almost Christmas, but this led to higher-than-usual post-Christmas spending, running into an extended January sales period.



The Trade Department reported that the volume of retail sales fell by a seasonally-adjusted 0.9 per cent in February compared with January. This took the department's index of retail activity to 106 (1978=100). A revised figure will be issued next month.

The index reached its peak of 108.1 in January 1981. Last month's index of 106 compares with 106.1 in February last year and 104.7 in the first quarter of 1980.

The Retail Consortium, which represents most of Britain's retailers, said yesterday that the February figures were predictable. They were not good and although some areas such as electrical toys had enjoyed a real New Year boost others, such as textile and clothing, were suffering.

The figures showed that the value of retail sales in February was only about 8 per cent higher than a year ago, several points behind the inflation rate, the consortium said. This illustrated the extent of pressure on retailers' margins.

Although the Budget was neutral from the retailer's point of view, it was clear that personal disposable incomes would be stretched this coming year, with retail goods taking a low place in families' priority lists.

The short-term outlook remained depressingly flat, therefore, but if the Government's calculations on inflation and interest rates proved correct the last quarter of the year would show real improvement.

New applications for credit purchases were 4 per cent lower in February, compared with the same month last year, but were 20 per cent up on January.

The demand for credit in January was exceptionally depressed, despite the high volume of spending in the sales. February's figures, although low in comparison with last year, took business back to near-normal levels.

Gill may subpoena directors of ACC

By Raymond Hughes, Law Courts Correspondent

MR JACK GILL, the former managing director of Associated Communications Corporation, may subpoena some of the company's directors as part of his fight for a £669,000 golden handshake, the High Court heard yesterday.

Proposals to pay Mr Gill £560,000 for loss of office and allow him to buy his company house at £109,000 below its market value are being challenged in the court by the Post Office pension fund (Possfund Nominees) and other institutional holders of ACC non-voting shares.

Mr William Goodhart, QC, for Mr Gill, told Mr Justice Nourse that one major issue in the case was whether the directors acted properly and in good faith when they approved the proposals in September.

Two of the directors, Lord Grade (who has since been succeeded as chairman by Mr Robert Holmes à Court) and Mr Louis Michael, had sworn affidavits on behalf of ACC in response to Possfund's petition.

It seemed unlikely that ACC was proposing to put in evidence from all directors Mr Gill may approach the other directors and see whether they are willing to make affidavits.

For the first time since the petition was launched against Mr Gill, ACC and its associated company, Bentray Investments, five directors,—Lord Grade, Mr Michael, Sir Leo Pliatzky, Mr Louis Benjamin and Mr Norman Collins—were represented at yesterday's hearing.

The petition was adjourned a further 14 days to enable Possfund and its supporters to consider amendments.

Guernsey: a revolution-proof finance haven

Edward Owen on a general election unlikely to cause international bankers any sleepless nights

A GENERAL ELECTION in an offshore finance haven would normally, one imagines, be watched anxiously from the world's financial centres.

The election of peoples' deputies in Guernsey tomorrow is unlikely to cause any tremors among the international bankers who hold £2bn of deposits in the low-tax island.

The 47 candidates for the 30 contested seats in the States of Deliberation (Parliament) as standing as individuals. There are no political parties to threaten to change of regime, and the deputies will sit unchallenged by any Opposition until the next triennial election in 1985.

Aggressive posters and slogans are conspicuously absent. The campaign is reminiscent of local council elections in Britain before the town halls became a battleground for Left and Right.

Manifestos deal in measured terms with the need to watch public expenditure and encourage business enterprise, although there is the occasional militant voice. One calls for radical political reform at home, another for less "dictation" from the UK.

The political structure — a mixture of feudal institutions and post-war democratic reforms—makes the island to all intents and purposes revolution-proof.

For example, 22 members of the States (a name derived from the French Les Etats) are not involved in the election. Ten are the douzeniers (elected annually by the douzaines, or parish councils. The others are the 12 conseillers, senior statesmen, who head most government committees. These are chosen for six years by an electoral college composed of States members, rectors and other community leaders.

This method of appointing the leading politicians is defended as ensuring political continuity.

Critics say Jersey elects its counterparts, 12 senators, by popular franchise without any apparent loss of stability.

Served by a daily newspaper and Channel Television—and from today by a BBC local radio station—Guernsey is intensely interested in its own affairs, but apathetic about deciding who is to run them.

Of the 40,000 or so islanders over 18 eligible to vote this year, only 22,138 registered—more than 1,100 fewer than in the 1979 election.

In three of the 10 parishes, which correspond to constituencies, there is no contest. In the remaining seven, on past experience 60 per cent to 65 per cent of those whose names are on the electoral roll will go to the polls.

Left-wingers, whose main voice in a non-party society is through the trade unions, say one reason for electoral apathy is that the working class knows it cannot gain any solid representation in the States because members are unpaid.

In fact, the island has compromised somewhat with its belief in voluntary service so "persons of moderate means" can enter the States.

Members can claim up to £5,000 a year, or £8 a half-day, for attending approved States and committee meetings, as well as expenses of £4 a half-day.

This is subject to a means test. Members have to repay the allowances if the total income of themselves and their spouses exceeds £7,000.

The increasing sophistication of island affairs, especially since Guernsey became an offshore heavy workload for legislators.

States meetings are held once a month, but tend to take two or three days. A chartered accountant who has just reluctantly stepped down as a conseiller says that presidency of a government committee can be almost a full-time job.

Guernsey's parliament is presided over by the Bailiff who, as well as being civil head of the island, is also its chief judge.

This is a Crown appointment to which islanders rise through an established legal hierarchy. Sir John Loveridge, the present Bailiff, will be succeeded in August by Mr Charles Frossard, his deputy, who was previously HM Procureur (attorney-general) and HM Comptroller (solicitor-general).

No newly independent Commonwealth country would be allowed to have a constitution that did not separate legislative and judicial functions.

The finance industry, which provides more than 40 per cent of Guernsey's business profits, does not want to see any changes in the political system.

Bankers never fail to emphasise that the island's political stability is at least as important as its unchanging 20 per cent income tax rate.

23rd issue certificates raise £200m on last day

BY ROSEMARY BURR

ABOUT £200m was invested in the 23rd issue of National Savings certificates on the last day of their sale, said the Department of National Savings yesterday.

The rush to buy, last Wednesday, followed the Budget announcement of their withdrawal without the usual few weeks' notice.

The 23rd issue offered a record return to investors with an interest rate of 10.51 per cent annually over five years, free of tax.

The 23rd issue was launched in November and by the end of February sales had totalled £700m. The department said total sales will probably reach £1bn.

It was the heavy demand for the 23rd issue, combined with the popularity of index-linked certificates — granny bonds — which meant the Government's National Savings target of £3.5bn by March had been reached easily. It was the success of the fund-raising and the recent fall in interest rates led the Government to announce the withdrawal of the 23rd issue.

The Government last withdrew an issue without notice in 1963 and it took two months to launch a replacement. The National Savings Department hopes the new 24th issue will go on sale next month.

Construction safety plan launched

BY ALAN PIKE

MOUNTING concern about the high fatal accident rate in the construction industry has given rise to a major initiative to improve safety training from the Construction Industry Training Board.

About 400 construction workers were killed in the past three years. In 1980 there were more fatal accidents in construction—128, and 151 including fringe construction activities—than in the rest of manufacturing industry, mining and agriculture put together. This high accident rate is a particular source of concern, since it occurs at a time of lower activity in the industry, caused by the recession.

The board's package consists of four sections, which can be used to produce week-long safety courses, or as source material for shorter training sessions. It is likely to be used in technical colleges and training centres as well as on sites by companies.

Mr Vic Jordan, deputy chief inspector of factories, said at the launch of the package that there appeared to be "almost a resignation about deaths and serious injuries in the construction industry or, at least, a failure to appreciate the magnitude of the problem." The 1980 fatal accident rate was unlikely to have declined in 1981 to match the decline in numbers e mployed in the industry during the recession, he said.

Most construction accidents, Mr Jordan said, were not caused by complex technical problems. They were the result of lack of knowledge, or disregard for straightforward precautions. There was a failure to question established but unsafe trade practices, and a failure on the part of management to ensure that employees were properly trained and qualified.

A report by the Health and Safety Executive last year concluded that only a fundamental change of attitude among management and employees would bring about a comprehensive and lasting reduction in accident levels in construction.

BUILDING CONTRACTS

Sir A. McAlpine wins £7.5m

WORK WORTH about £7.5m has been awarded to **SIR ALFRED McALPINE AND SON (SOUTHERN)** of Wergs Hall, Wolverhampton. The largest with an initial value of around £5.12m, is for Dudley Metropolitan Council in connection with a shopping complex known as the Crown Lane Development, Crown Lane, Stourbridge, West Midlands. This includes demolition of existing buildings and construction of a reinforced concrete framed building to provide basement service area for retail shops, market hall, library, offices etc. on a 1½-acre site. The contract will be project managed by Whittingham Commercial of Wolverhampton.

At the Pressed Steel Fisher works, Cowley, Oxford, McAlpine is undertaking a contract worth around £2m awarded by BL Cars. The work includes demolition of an existing structure and construction of a single storey building together with two conveyors over the roof of another existing building. The cntract is due to be finished in 36 weeks.

For British Rail Engineering, McAlpine is to carry out work worth about £378,000 at Wolverton, Milton Keynes, which includes construction of an EMU test facility scheduled for completion in 24 weeks.

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KITSONS INSULATION CONTRACTORS (a Pilkington subsidiary) has been awarded a £1.9m insulation contract on Phase II of the UK AGR power station under construction at Heysham, Lancashire. This entails insulation of heating and ventilating pipework, ducting and ancillary equipment. A percentage of the insulation requirements is for pipework where the new fibreglass crown pipe insulation will be used. Some 12¾ miles (20,500 metres) of pipework is involved, together with over 27 acres (112,500 square metres) of ducting.

*

A £1.7m contract with Milton Keynes Development Corporation to build the city's new bus station, at the west end of city centre adjacent to the nearly completed railway station, has been won by **COSTAIN CONSTRUCTION'S** Coventry office. This comprises construction of a steel canopy roof covering a smaller two storey structure containing waiting area, snack bar, booking office, newsagent's kiosk, public telephones and toilets and office accommodation for a bus company.

The company's Glasgow office has won contracts worth about £1m with the Scottish Development Agency for the modernisation of blocks 59 and 80 on the Hillingdon Industrial Estate. Work covers modification of existing buildings and subdivision into smaller units, complete with roofing, electrical and heating services. External works are included incorporating access roads and parking areas with associated drainage.

*

FOSTER - RAINFORD CONSTRUCTION, St Helens, has won a system building contract value £417,000 for the North West Regional Health Authority for the erection of three buildings at Oldham and District General Hospital. Special emphasis was placed on the low maintenance external finishes.

*

HALFACRE AND YOUNG, Maidenhead, has a contract worth £1.25m. The client is The Friends Provident Life office, and the work construction of a computer suite at Dorking. With a reinforced concrete frame clad with brickwork and a proprietary cladding system, this two-storey building is scheduled to be completed within 50 weeks. BISHOP'S STORTFORD-BASED

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MYTON, part of the Taylor Woodrow Group, has been awarded a £1m contract by GUS Property Management to build a block comprising shops, offices and flats, in London Road, Twickenham. The four-storey building is being constructed on a previously demolished site and is scheduled for completion in January 1983.

UK NEWS

Tax report seeks greater efficiency

By Philip Bassett, Labour Correspondent

PROPOSALS for "far-reaching" changes in the method of tax assessment of the self-employed, which would mean the loss of about 1,700 civil service jobs, have been put forward in a report from one of the team led by Sir Derek Rayner, the Prime Minister's personal adviser on efficiency.

The Inland Revenue is to introduce pilot studies based on the findings of what is known as the Yard report, though the Government has drawn back from implementing the report's two most radical proposals.

The most far-reaching change, which the revenue is still processing, is one which, according to the tax staff's union, the Inland Revenue Staff Federation, will remove a major incentive to self-employed tax-payers to submit accounts to the Revenue.

The proposed change is an end to the listing for judgment by the Revenue of appeals in cases where "reasonable" payment on account of a disputed tax assessment has been made, except on accounts overdue for more than two years. This would save almost 400 jobs.

However, the revenue has drawn back from taking any further the two most central Yard proposals. The first was that tax returns should be issued to the self-employed for completion only once every four years, unless their trading income exceeded £10,000.

Tax districts would instead have had to rely solely on information submitted by accountants, which the union believed would have put at risk the collection of a considerable amount of tax revenue. It would also have removed from the tax inspectorate a major investigative weapon.

The second proposed change was a suggestion that maintenance payments arising from divorce cases be removed from the tax system altogether. This would have needed legislation, and the Revenue feels that changes announced in last week's Budget, in the level of such payments above which tax is deducted, have gone some way towards dealing with this issue.

The effect of not proceeding with these proposals was to save a total of about 400 posts. About half of the 1,700 jobs affected by the Yard study will be at clerical officer or typist level.

Working at a golden idea in Melton Mowbray

Anthony Moreton looks at a joint scheme to create jobs

MIDAS WAS, as every schoolboy knows, the king of Phrygia who, when given a wish, asked that everything he touched be turned to gold.

A similar, if less exalted, desire lies behind the creation of another Midas last November—the Melton Industrial Development Aid Scheme. The aim of this 20th century Midas is to create permanent employment in the Melton Mowbray area of Leicestershire by attracting new businesses and encouraging existing ones to expand.

Rural Melton has the worst unemployment in Leicestershire. While its figure of 11.6 per cent may be a point below the national average, it is sufficiently bad for the county council to want to do something about it, especially as it faces an even more difficult problem with the rundown of mining in nearby Coalville within the next few years.

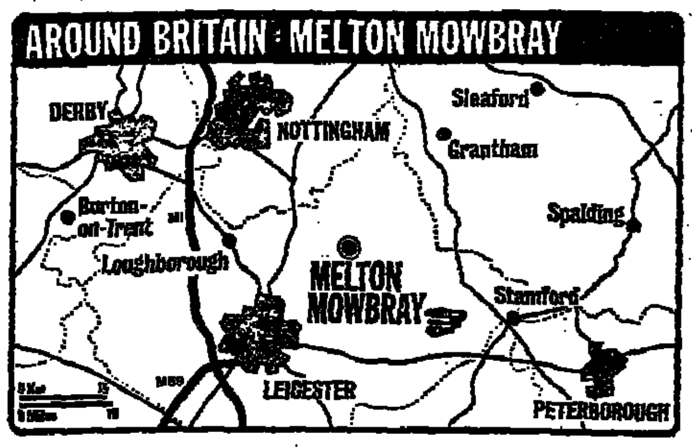
Melton's problem is twofold: its rural ambience has drawn commuters from Leicester who, with the depression in the textile industry, have since lost their jobs; and it is a one-company town.

The town is dominated by Pedigree Petfoods, British offshoot of the U.S. company Mars, probably best known for its Whiskas catfood and Chum dogfood.

It employs some 2,500 people, and the staff of the next largest employer in the town, the Production Industry Research Association, is numbered in hundreds. Probably 35 to 40 per cent of the people living in Melton can trace their earnings, directly or indirectly, to Pedigree.

Pedigree has grown considerably since it arrived in the town; in the early days its payroll was probably around 1,000. With increasing mechanisation numbers are not likely to rise very much and—worse from the town's point of view—the company has given its workforce an assurance there will be no compulsory redundancies as machines replace men and women.

This means that for some time it will be absorbing its own workers after the introduction of new machinery, and will not be able to offer further opportunities to those on Melton's jobless list.



Pedigree, like other American companies, believes it has a duty to the area in which it is sited. A year ago it launched a youth opportunity scheme in which 25 recent school-leavers were paid £25 a week each to paint railings and the bandstand and repair bus shelters and the like.

This six-month programme was, however, kept at arm's length. Pedigree organised the scheme, provided the finance and the supervision, but the 25 did nothing directly for the company.

The company did, however, train the youngsters in some basic skills, such as how to apply for jobs, and how to dress for an interview, and was pleased that most found permanent jobs at the end of their stint.

But it also concluded that such schemes were merely short-term palliatives which offered little in the long term. About the same time, it was approached by Leicestershire County Council to take part in joint schemes that could involve job creation. It was out of this approach that Midas was born.

Midas is a three-way partnership between the company, the county and Melton Borough Council, the second tier local authority. Pedigree Petfoods has put up most of the finance—£55,000 in the first year and a commitment to more—and provided a director as well as organisation facilities.

Such tripartite co-operation is not unique. Midas acknowledges the inspiration and help it received from the St Helen's Trust, where Pilkington Brothers is closely involved. This is the foreruner of all such joint schemes. Unilever is already engaged in a similar joint project in the Wirral and Shell is active in Durham.

If most of the money comes from the company, most of the facilities come from the two councils. These are building 17 nursery units of between 750 and 2,500 sq ft each and the first five are being allocated to the winners of a Business Award Scheme.

This, like everything Midas does, is geared to work creation through start-up operations. So far there has been a flood of inquiries, and when applications close at the end of March Don Hodgson, director of Midas, expects a total of more than 200. "Not only have the inquiries come from the UK," he says, "anywhere from Aberdeen to the south coast, but we have had one from Egypt and another from Saudi Arabia."

The Loughborough University School of Management is being involved in the scheme, and Mr Hodgson hopes it will undertake a long-term study on what the new businesses mean for the area, much as Durham Business School has co-operated with the Shell project.

For an area more renowned for its hunting—this is Quorn and Belvoir country—pork pies and Stilton cheese, Midas is an important step towards a more diversified industrial structure. All Mr Hodgson has to remember is what happened to that earlier Midas.

Tories plan private services in Birmingham

By Lorne Barling

A WIDE range of city council services in Birmingham are likely to be handed over to private enterprise if the Conservative group gains control in the local election due to be held on May 5.

The Conservatives yesterday outlined in their manifesto plans to reduce the council's spending by around £15m a year, mainly through contracting-out services such as refuse collection, on which it is estimated that £3.4m a year could be saved.

Other services being looked at for similar treatment are housing management, school meals, architectural and legal work, and the maintenance of parks and recreation grounds.

Councillor Neville Bosworth, Leader of the Conservative group, said that if further studies showed that these services could be provided more cheaply and efficiently by private concerns, Birmingham would go further than any other council in employing them.

"We are in favour of privatisation only where it improves efficiency, but it has been proved in Southend that private contractors can provide a better refuse service at lower costs," he said.

The collection of council rents in Birmingham, worth £70m a year, was costing £15m in administration, he said, while much of the council's architectural work could probably be done at lower cost by private concerns.

Mr Bosworth added that privatisation would not necessarily mean a big loss of jobs, since many employees may be taken on by companies providing these services. In Southend, 80 per cent of refuse men were re-employed.

A Conservative-controlled council would also consider selling any property which it was thought unnecessary for the city to own, and council houses would be offered for sale to tenants.

The group also outlined plans to form anti-vandal patrols in an effort to reduce damage in schools, high-rise flats and other council-owned property, which Mr Bosworth said the council had a duty to protect.

Around 50 staff would be equipped with vehicles, two-way radios and the equipment necessary to complement the role of the police.

New 'L' rider rules hit motorbike sales

By John Griffiths

REGISTRATIONS of motorcycles and other powered two-wheel vehicles dropped by 14 per cent last month compared with February of last year. But there were the wide variations in the sales of different types of machines.

Moped sales rose by 19 per cent to 5,145, which according to the Institute of Motorcycling, reflects the continuing demand for economy transport. The IMC believes this sector will be boosted further after the scheduled large increases in public transport fares this spring.

The market for motorcycles "proper" fell by 25 per cent to 8,687. This partly reflects the severe impact on 250 cc sales of impending regulations restricting learner riders to 125 cc machines.

A further underlying reason for this drop is that the majority of motorcycle buyers are in the 16-24 age group, which is suffering from high levels of unemployment. The scooter sector fell back 32 per cent.

Thefts from households cost £105.7m last year

BY ERIC SHORT

INSURANCE companies last year paid out a record £105.7m on theft claims from private homes, according to figures issued yesterday by the British Insurance Association. This was 40 per cent more than in 1980 and more than double that paid out in 1979.

The increase reflects both a higher number of burglaries in the country and a rise in the average amount of property stolen also partly reflects the effect of inflation since most house contents are insured for their full replacement value.

The announcement coincided with the launch by the association of its Beat the Burglar campaign aimed at emphasising tothe public the need to fully secure their homes against theft.

The record rise in thefts was not solely confined to the private sector, though this did show the largest increase.

Thefts from commercial and industrial premises jumped nearly a third to £34.8m and theft of goods in transit by 14 per cent to £7.3m. Money losses were 30 per cent higher at £7.4m, while all risks insurance rose 26 per cent to £22.9m.

Overall British insurance companies paid out a record £178.1m last year for all theft claims—35 per cent higher than the £132.2m paid out in 1980.

Figures issued by the Home Office last week showed that burglaries from private homes in England and Wales rose by 18.6 per cent to nearly 350,000. Comparable figures for Scotland are not yet available.

However, the 1981 figure understates the total value of items stolen because it only relates to claims made to insurance companies. The Family Expenditure Survey reveals that about one home in four does not insure its contents and many people still underestimate the value of their contents when insuring.

Details of the campaign, including a free-hire video film from the British Insurance Association, Aldemary House, Queen Street, London EC4N 1TU.

Phone shopping scheme for old people started

A SCHEME allowing disabled and elderly people to do weekly shopping by telephone or by calling at their local library is being pioneered in Gateshead by the local council and Tesco. It has proved so successful, that the Government has agreed to underwrite it for three years and next year it may be extended to London.

About 600 "disadvantaged" people have been put on the telephone so they can now ring in their weekly shopping-list for delivery to their homes the same day.

Weekly food shopping may also be done from the local library. Information available in the library allows shoppers to compare prices before making their choices. They then hand in their shopping list which is transmitted to the supermarkets, made up and delivered.

Gateshead council has set up its own delivery service to make the food drops and is training staff to man library reception desks.

Oil glut must not affect coal supply, says Ezra

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE WEST must continue expanding its capacity to mine and burn coal and not be lulled into a false sense of complacency by the current oil glut, Sir Derek Ezra, chairman of the National Coal Board, said yesterday.

"We must resist any temptation to make the present temporary decline in energy requirements, and any transient easing in oil prices, excuses for not pressing ahead as fast as possible with coal developments that will ensure our long term independence from the vagaries of imported oil prices and supplies," he told a conference in London.

A high level of investment in the mining industry since 1974 had given UK coal a 33 per cent price advantage over imported oil, and the recent substantial reduction in oil prices had reduced the gap by only one or two percentage points.

Sir Derek welcomed the Government's announcement in the Budget that it was extending its grants scheme for the conversion of industrial boilers from oil to coal firing. The aid will now cover the conversion of gas-fired equipment and will be available for kilns, furnaces and commercial concerns.

This would give a fresh impetus to boiler and other equipment makers to carry out conversions during the breathing space of the recession. ICI had already announced the first of its conversion schemes, in Cheshire, and was planning to double its coal use at other factories.

Express Dairies and Dunlop were also planning to switch from oil to coal, Sir Derek said.

Mr Richard Ormerod, an NCB official who has been co-ordinating an International Energy Agency study of industrial coal use, told the conference that during the next few years the cement industry in countries belonging to the Organisation of Economic Co-operation and Development would have converted almost entirely to coal, using about 40m tonnes a year.

Inland Revenue staff vote to accept new technology deal

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TRADE UNION agreement to the Government's offer of an interim two-year deal on introducing new technology in the Civil Service was virtually assured yesterday, when a special conference of the key Inland Revenue Staff Federation voted in favour of acceptance.

The IRSF vote means that the deal, which includes a guarantee against compulsory redundancies arising from new technology over the next two years, will be formally accepted on Thursday by the full Council of Civil Service Unions.

Committed votes, on the basis of seats on the council, now stand at 46 in favour of the deal. The IRSF has eight seats, and the Prison Officers' Association (three seats) has also decided to vote in favour.

This is enough to give the necessary two-thirds majority of the 63 council seats, even if the Civil Service Union (six seats) were to join the Society of Civil and Public Servants (11 seats) in opposing the deal.

The CSU executive is to vote on the offer today, and is likely to accept it, as the union's general purposes committee voted 4-2 in favour last week. The CSU is the organisation of lower-grade civil servants.

The IRSF acceptance was a surprise to many in the unions, who were convinced that the union's delegates were going to reject it. However, after a show-of-hands vote was 31-32 in favour, a card vote at the conference in London confirmed acceptance by 378-290.

Most of the delegates who spoke were against the deal. They felt that the guarantee on redundancies was not hard enough, and that no benefits in terms of pay or shorter hours had been won.

Mr Tony Christopher, IRSF general secretary, said that, because of its drawbacks, the agreement was not one that he would normally have recommended. He agreed with the doubts of many militants in the union but felt that the timing of their opposition was wrong.

Scots move raises hopes in teachers' pay dispute

By Iva Dawnay, Labour Staff

A DECISION by Scottish education authorities to send a 12 per cent teachers' pay claim to arbitration has raised the hopes of English and Welsh teachers' leaders that the management side of the national Burnham committee on wages will allow a similar move.

The Educational Institute of Scotland, representing most of the 60,000 Scottish teachers, welcomed the management decision.

Mr Keir Bloomer, deputy began a boycott of school meal are not surprised that they have agreed to go to arbitration, but we are surprised that they failed to increase their 4 per cent offer first."

The National Union of Teachers, Britain's largest teachers' union, said it was "delighted" by the move.

Last Friday teachers in several English and Welsh education authority areas began a boycott of school meal supervision and other extra-curricula duties in protest against the management's refusal to accept immediate arbitration.

The management is calling for further talks on its 3.4 per cent offer before putting the teachers' 12 per cent claim to an arbitration panel.

Train drivers consider new roster unworkable

Philip Bassett reports on the railway tribunal hearing

LEADERS OF the train drivers' union, Aslef, yesterday warned the arbitration tribunal on the British Rail flexible rostering dispute that if it decided in favour of BR it would have to convince the union's 24,000 members, who were totally opposed to varying the traditional eight-hour day.

The hearing of the Railway Staffs National Tribunal, the industry's highest-level appeal body, was the first time since the dispute which led to the recent 17 days of national rail strikes that the Associated Society of Locomotive Engineers and Firemen has formally put its case. It had boycotted the inquiry set up by the Advisory, Conciliation and Arbitration Service.

The Railway Staffs National Tribunal, chaired by Lord McCarthy(is expected to deliver its report on the issue, which will not be binding, in a couple of weeks.

Mr Ray Buckton, Aslef's general secretary, said that he had never known in his involvement with the railways such an issue which had been so emotive or which had provoked such determination from footplate staff to resist a management proposal.

About the six weeks of strikes, sparked off by BR's refusal to pay Aslef an outstanding 3 per cent payment, Mr Buckton said: "All concerned should be under no misapprehension that the action of my members was concerned more with the imposition of variable rostering and all that the Railways Board wished to associate with it than the obtaining of a 3 per cent payment."

Mr Buckton laid great emphasis on the stress, strain and unsocial nature of footplate work, which he said would all be worsened by the introduction of flexible rostering. It would put at risk BR's safety record.

He reported in detail comments from members at local level on how unworkable the proposals for flexible rostering of seven to nine hours, were against the eight-hour day currently worked.

Quoting a letter of support for the strikes from a train-driver's wife, he reported her as saying: "Someone, somewhere, hasn't thought of the human aspect of these flexible shifts."

"In the eight years my husband and I have been married, I have learnt to live with shift work but this is something entirely different, and it would be a sad day for me if it ever came into action."

Aslef gave examples of how much pay drivers' would lose from the introduction of variable rosters. One example given is in the Lincoln "link" (part of a roster), where drivers would lose, according ot Aslef, an average of £13.71 a week.

The union also pointed up the difference in the board's proposals to guarantee payment for a 39-hour week provided the rostered turns are worked, and the current agreement which guarantees payment for the eight-hour day provided drivers are available for work.

Aslef argues that introduction of flexible rosters will cut drivers' opportunity to swop their shifts with their workmates. The union quotes a local Aslef representative in the West Country as saying: "Changing turns is one of the things that keeps many of our men sane."

"While this will still be allowed, in a practical way it will be very difficult to get a change of turns."

The union provided considerable documentary support for its contention that because of the distances drivers tend to live away from their depots drivers on rosters of nine hours could well be away from home for 12, 13 or more hours, and driving for a considerable part of that time.

Mr Buckton said Aslef had fully met its obligations on productivity, and had entered discussions with BR in a meaningful way. Indeed, it was a measure of the union's past co-operation with BR on productivity that the board was reduced to proposing changes which would be of no benefit to footplate staff but which were simply aimed at reducing BR's wage bill.

He said that the BR proposals would penalise drivers for management's inability to roster efficiently. It was clear BR aimed to carry this principle much further with an eventual flexibility of four to 10 or even four to 12 hours.

British Rail called on the tribunal to recommend implementation of both its proposals on flexible rostering, the allied proposals on single manning of trains beyond an eight-hour shift and to recommend quick negotiation on other outstanding productivity items.

The BR board laid great stress on the flexible rostering agreement which had already been reached for guards, based on exactly the same priciples as the proposals for drivers.

The fact that the guards' flexible rosters were now in use showed that the system was both administratively and operationally practicable.

BR was critical of Aslef's position throughout the protracted negotiations of the issue so far. Mr Cliff Rose, BR board member for industrial relations, said: "The Aslef stance is one of all take and no give; a shorter week with more rest days, but no changes which would help meet the cost."

The railway board regretted the fact that Aslef seemed to have closed its mind to the possibility of change.

BR laid stress on the importance of linking introduction of flexible rostering to a variation of the current agreement to allow trains to be singly-manned for longer than eight hours.

Under present agreements, no turn over eight hours may be singly-manned except by special dispensation of the joint Regional Manning Committee. BR told the tribunal that in practice this dispensation did not exist, because of the staff side's refusal to consider such propoals.

If the seven to nine hour shifts were brought in, broadly half the driving turns of duty would be in excess of eight hours. However, if the single manning restriction was maintained, about 4,000 extra drivers' assistants would be required, at an extra cost of about £32m per annum.

British Rail believed it was possible, through flexible rostering, to improve the average train working time per roster by up to 15 minutes, or about 7½ per cent.

BR's largset union, the National Union of Railwaymen, came down heavily in BR's support in its evidence to the tribunal, Mr Russell Tuck, NUR senior assistant general secretary, said that the NUR was looking for an award from the tribunal "that a similar agreement (to the one for NUR guards) should now be reached for footplate staff."

Further, the NUR said: "In the NUR view it is perfectly feasible to introduce variable rosters for footplate staff." The union suggested that Aslef's position meant that it did not dispute this.

Treasury stands firm on productivity pay

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT still maintains that productivity payments are inappropriate for white-collar civil servants, except in specialised, semi-commercial areas such as the Royal Mint.

In evidence to the inquiry into Civil Service pay, chaired by Sir John Megaw, the Treasury said: "The Government does not consider that (productivity) schemes based on broad measures of outputs or inputs would be appropriate at national or departmental level in the non-industrial Civil Service."

Drawing a distinction between linking pay to performance, covered in separate evidence to the Megaw inquiry on merit pay, the Treasury paper does not see productivity bargaining as likely to encourage higher efficiency.

While acknowledging that 15.4 per cent of non-manual employees receive payment-by-results payments, according to New Earnings Survey figures, it says payments to staff most comparable to white-collar civil servants were much lower, at 1.3 to 2.8 per cent.

Politically the Government does not support productivity payments to civil servants. It firmly resisted, for example, improving pay, hours or leave arrangements in return for offering civil servants a 2-year no-redundancy pledge as part of the agreement for the introduction of new technology in the Civil Service.

Productivity schemes could be introduced for staff such as typists, data preparers and messengers, where routine work can be precisely measured, though this could cause difficulties with staff who felt that the nature of their work excluded them from such payments.

The only real area identified by the Treasury as a possibility for introducing productivity payments is where output can be measured on a commercial basis, such as the Stationery Office and the Royal Mint.

Even here, though the contribution of white-collar, as opposed to industrial workers, might be difficult to measure.

The Megaw Committee, due to report by mid-summer, is also maintaining its interest in no-strike agreements.

Industrial action urged on health service pay claim

BY BRIAN GROOM, LABOUR STAFF

THE white-collar National and Local Government Officers' Association will today urge TUC health service unions to consider industrial action in support of their co-ordinated campaign for pay rises in line with inflation — currently 12 per cent — shorter hours, and longer holidays.

Rises of 4 per cent have been rejected by leaders of 350,000 ancillary and clerical workers, while 500,000 nurses have been offered increases averaging 6.4 per cent.

Nalgo's call will be made at a special meeting of the TUC Health Services Committee, which has for the first time united the 14 TUC-affiliated unions, covering 650,000 of the one million NHS employees, in a common strategy.

The higher offer to nurses is widely seen by unions as a divisive tactic. Mrs Ada Maddocks, Nalgo's national health officer, said: "The health service is a unified body and we will remain united in our determination to get a fair pay

Nalgo, which has 100,000 health service members, said health workers got 6 per cent last year when other public service workers received more. This year's offers compared with a 13.2 per cent increase for police, 10.1 per cent for firement, 6.9 per cent for council manual workers.

Construction staff plan rally

CONSTRUCTION WORKERS are to hold a rally and lobby of Parliament next week in protest against the high unemployment in the industry.

Mr Les Wood, general *secretary of the Union of Construction*, Allied Trades and Technicians, yesterday criticised the the new provisions announced in the Budget

Hairdressers' plea

A PRESSURE group is urging a 40 per cent pay rise for workers in the hairdressing industry. The Low Pay Unit claims that the industry, which employs up to 140,000 workers, is the lowest paid, with average earnings below £52 a week.

Scargill call to fight jobs Bill

By Our Labour Staff

TRAD EUNIONISTS will have to take industrial action to defy the Government's labour law proposals, Mr. Arthur Scargill, presinedt-elect of the National Union of Mineworkers, said yesterday.

He was making his final presidential address to the council of the Yorkshire area of the NUM in Barnsley.

Referring to the new Employment Bill being brought in by Mr Norman Tebbit, Employment Secretary, he said: "I believe it will be necessary to use all measures, including industrial action, to defy Tebbit's law and defend our movement."

Rival unions seek backing

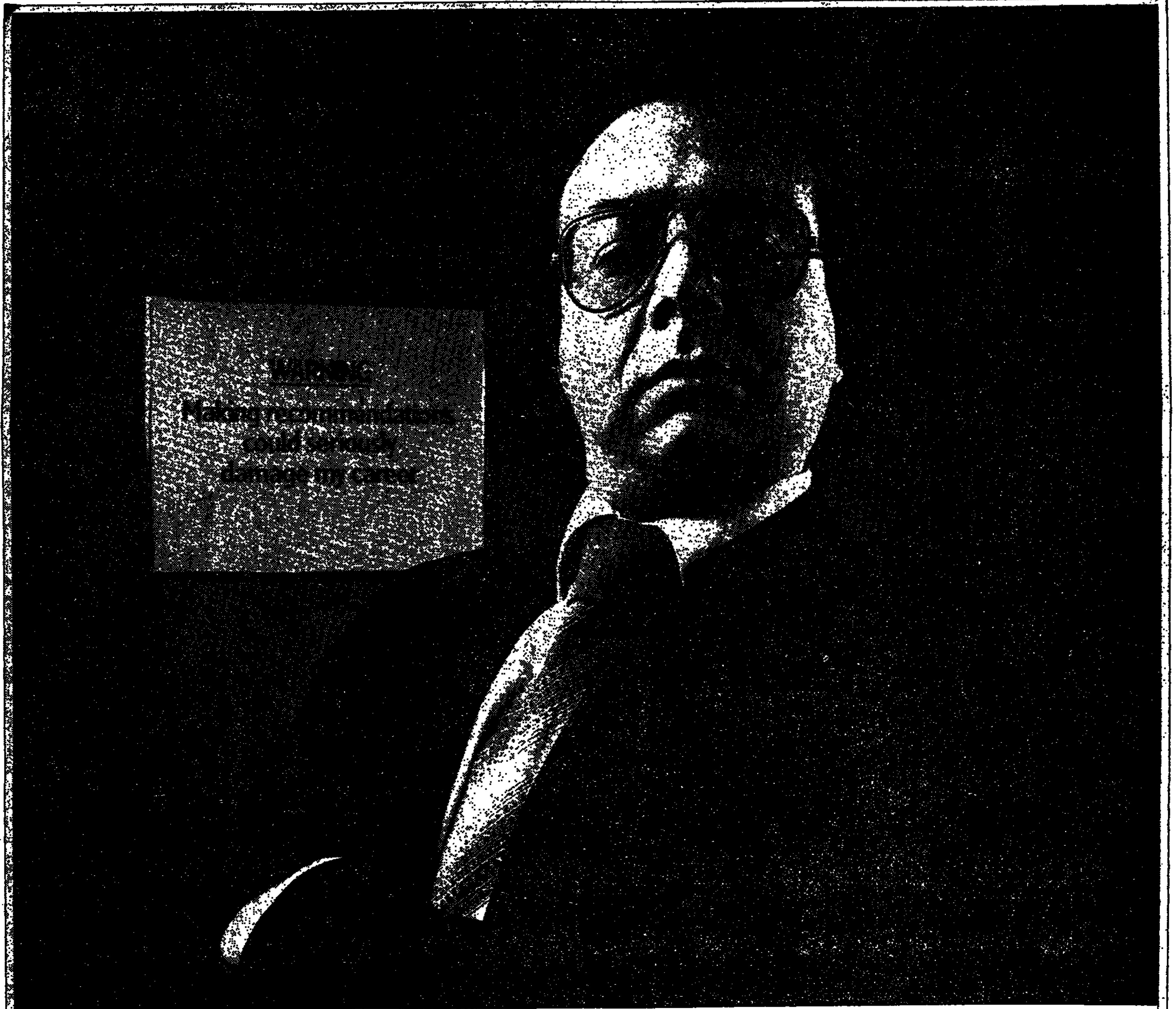
ATTEMPTS by two rival TUC unions to win the support of professional and managerial staff enter a new tactical phase this week, reports Brian Groom.

The Electrical and Engineering Staff Association (Eesa), the staff section of Mr Frank Chapple's right-wing-led Electrical and Plumbing Trades Union, yesterday announced an umbrella organisation known as the Council of Managerial and Professional Staffs.

Mr Clive Jenkins' Association of Scientific, Technical and Managerial Staffs (ASTMS) is to launch a rival body—confusingly called the National Professional and Management Staffs Council—at the weekend.

Eesa's council initially comprises those organisations—such as the Steel Industry Management Association and the UK Association of Professional Engineers — which already belong to Eesa, representing 25,900 members.

Other unions and associations, however, will be invited under the umbrella. It is an attempt to entice some of an estimated 35 independent associations into Eesa's sphere of influence, although they would remain independent.



UK NEWS—PARLIAMENT and POLITICS

Heath urges reflation to cut unemployment dangers

BY IVOR OWEN

MR EDWARD HEATH, the former Prime Minister, yesterday made a new call for positive Government action to stimulate home demand, and repeated his warning of the danger of allowing unemployment to go on increasing until it exceeds 4m.

As the four-day Budget debate moved to its conclusion he flatly rejected the view of *Mr Patrick Jenkin*, the Industry Secretary, that "*an increase in the level of demand* is not the answer for industry."

In a rare moment of agreement Mr Heath and his old adversary Mr Enoch Powell both urged the Government to seek ways of resisting the higher interest rates likely to result from the policies being followed by the U.S. authorities.

Mr Powell (OUP, Down South), saw Britain's self-sufficiency in oil as the main explanation of the country's present economic predicament, and stressed that the room for remedial action by the Government was "extremely limited."

To cheers from Conservative MPs he insisted that the task of "reaccommodating ourselves" to a difficult situation must in the main be handled by the people themselves and by time.

Mr Jenkin argued that the only way to secure a sustained and inflation-free increase in British manufacturing output was by improvements in productivity and efficiency.

He contended: "It is not the lack of demand which has led to high unemployment in British industry.

"It is our inability to match the efficiency and productivity of our competitors and their performance in product quality, reliability, design and delivery."

Mr Jenkin said the consequence had been increased import penetration and a decline in Britain's share of world markets.

In the last ten years import penetration in UK manufacturing had risen from 16 per cent to 25 per cent—higher than in either France or Germany.

Mr Jenkin declared: "Those who believe that the problems of British industry are going to be solved by a massive injection of demand coupled with massive trade protection—rather than by a massive increase in productivity—are flying in the face of history, of the facts and of realism."

Mr Jenkin was equally insistent that inadequate investment was not to blame.

Based as a ratio of manufacturing value added—a fair measure which related the amount of investment to the value added in manufacturing industry, Britain was not out of line with her competitors.

He declared: "Where we have falle ndown over the years has not been in th equantity of investment but in the quality of its use.

"In other words the major difference in the UK investment record has not been the availability of capital or the willingness of management to invest, but in the apparently poor increase in output achieved from an increment of capital."

Mr Jenkin maintained that even during the recession manufacturing investment, including leasing, had held up surprisingly well.

Mr Heath praised the "constructive action" taken in the Budget, and welcomed the decision to increase tax thresholds rather than reduce the basic rate of income tax.

To the delight of the Labour benches he equated the change in monetary targets announced by the Chancellor with the death of monetarism.

"The alien doctries of Friedman and Hayek only remain to be buried." he scoffed. "This is a very significant move."

Mr Heath challenged Mr Jenkin's view that there was no case for stimulating home demand by asking: "Where is the demand going to come from to reactivate and recreate the economy?"

When Ministers talked of improving prospects in the export markets, they not only ignored industries only able to sell at home, he said, but the fact that the Government was relying on other countries to reflate to provide an outlet for British goods.

Mr Heath told Mr John Stokes (Conservative, Halesowen and Stourbridge) who suggested that increased demand would come from home buyers, that it was not possible to deal with 3.3m unemployed on the basis of a "buy British" policy.

To a further burst of cheering from the Labour benches, Mr Heath declared: "The question is not whether there will have to be reflation—there will hav to be reflation."

He denied that reflation was the same as inflation. Reflation was a means of recreating economic activity in a country and did not necessarily lead to inflation.

Mr Heath accepted that there was some demand in the economy, but there was not enough, and until industrialists could see a clear market, they would not produce.

With interest rates at their present level they preferred to adopt a no-risks policy and leave their money on deposit, assured of a good return.

Many big companies, he stressed, were boasting of their cash surpluses.

"What we have become is a purely interest - interested society," he said.

Britain needed to be a productive society.

Mrs Shirley Williams, one of the joint leaders of the Social Democrats, said the economy may still be in a deflationary condition next year.

If that happened, she warned, "the long-strained social fabric will begin to rip" and the Government would have only itself to blame.

The Government was praying for three major changes to occur. It hoped that grain prices would fall, that the U.S. Congress would reject President Reagan's tough Budget, and that oil prices would stabilise.

If all this happened then the Government believed there would be encouragement for growth. But, argued Mrs Williams, the Budget was irrelevant to all of these things and in fact flew in the opposite direction.

If none of the changes occurred then next year the Government would have to be more dis-inflationary than this year.

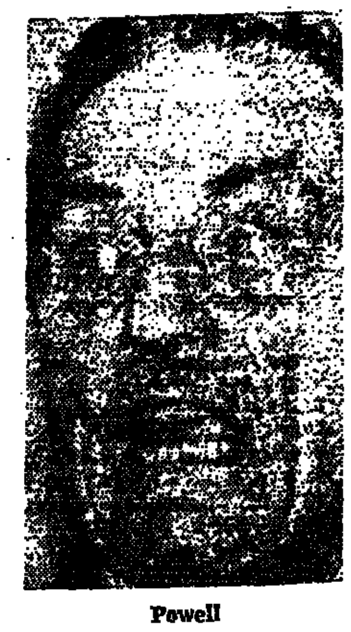
Mr Patrick Jenkin, Industry Secretary, challenged her to clarify what the SDP line was on its proposed tax on inflationary wage settlements. He maintained that some in the SDP were saying the tax would be on employers and others that it would be on employees.

Mrs Williams told him that there was no confusion on this matter within the party. It was an inflation tax which would be imposed upon the employers.

She also strongly criticised Mr Shore for his lack of clarity over Labour's attitude to an incomes policy.

Heath

Jenkin



Powell

Commons Sketch

The SDP really is having rotten luck

THE Social Democrats really seem to be having some rotten luck at the moment.

The last time Shirley Williams decided to make a major Commons speech on the economy she was overshadowed by Ted Heath, the former Conservative Prime Minister, delivering one of his critiques of Government policy.

Yesterday, when she was speaking in the last day of the Budget debate, Mr Heath again preceded her with a lengthy contribution from his seat below the gangway.

As if this wasn't enough, Mr Enoch Powell (OUP Down South) who was on top form, delivered a scathing counterblast in defence of monetarist policies.

Once again we saw the new, mark II Mr Heath.

Gone was the ponderous manner which characterised his speeches from the dispatch box as Prime Minister.

Instead he was relaxed and witty, positively bubbling over with bonhomie.

He gave a guarded welcome to some of the Chancellor's measures but could not help gloating at what he interpreted as the abandonment of rigid monetarism.

Subsidies, help for industry, even a price freeze had been mentioned from the Government front bench during the debate.

"How all these dirty words are creeping back," chortled Ted.

"The Chancellor is absolutely right. Monetarism is dead. The alien doctrines of Friedman and Hayek only remain to be buried."

Nor could he resist rubbing in the lessons of the Government performance so far—M1 up 29 per cent, M3 up 63.2 per cent, but production down by 17 per cent.

Labour leader Michael Foot vigorously nodded in agreement.

Left wingers shouted their approval and advised Sir Geoffrey Howe, the Chancellor, to head Mr Heath's words.

But Sir Geoffrey, like the good lawyer he is, had his head down assiduously making notes in preparation for a rebuttal of Ted's arguments.

A hush fell on the House as Mr Powell rose to take issue with Mr Heath, his old political foe who had sacked him from the Tory Cabinet.

Brushing aside the claims that tehe intellectual battle against monetarism had been won Mr Powell seemed to think that a period in the political wilderness had wrought marvellous changes in Mr Heath.

"The wilderness is a wonderful place," observed Enoch.

This remark, coming from a man who had been trekking through the desert sands since 1968, drew roars of laughter from both sides of the House.

Mr Powell had a pat on the back for Sir Geoffrey: "The Chancellor can claim he has indeed refrained from evil. He has eschewed evil and done limited good.

Much of his speech, however, was a first-class job of destruction on the £9bn reflation programme proposed by Mr Peter Shore, Labour's economic spokesman.

In a withering description of Mr Shore's Budget performance he declared: "*He took a massive crowbar and brought it down with a sickening thud on his own skull.*"

Mr Shore, who is normally a cool operator, was stung into action by this and intervened to describe Mr Powell as "The Lone Ranger coming to the aid of the devastated benches of the Government."

The argument became so prolonged that the Speaker, Mr George Thomas, had to separate the contestants and warn Mr Shore against constant interventions.

With all this high grade oratory flying around even Mr Patrick Jenkin, the Industry Secretary, had some good jokes in what was generally a dull speech.

Apparently one of his local Conservative councillors had written to him announcing that he was joining the SDP. "The real reason is that I am not cut out to be in politics," he had informed Mr Jenkin. "For me that says it all." observed the Industry Secretary.

John Hunt

Jenkins attacks 'silent' Wiseman as Hillhead campaign heats up

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE LABOUR PARTY directed its attacks at the SDP yesterday at the start of the second week of the Glasgow Hillhead by-election campaign.

More personal barbs and innuendo also crept into the candidates' daily press conferences, with talk of party disloyalty and cover-ups.

Mr David Wiseman, the Labour candidate, said entry into the Common Market had been a disaster for Scotland.

"Our manufacturing industry is being decimated," he said. "From having had a profitable industry when we entered, we now have a massive deficit to the EEC of almost £4,000m."

One of the architects of the disaster was Mr Roy Jenkins, the Social Democrat Liberal Alliance candidate, Mr Wiseman said.

Lord Ross of Marnock, the former Mr Willie Ross, a Labour Secretary of State for Scotland, joined in the attack on Mr Jenkins with a reference to his defection from the Labour Party. Scots, said Lord Ross, placed a bonus on loyalty. This would show on election day.

He went on to attack British membership of the EEC, which, he said, had swamped Britain's manufacturing industries.

"We're being slaughtered," he said.

Mrs Janey Buchan, the Euro-MP for Glasgow, also appeared at the Press conference. People she met in the streets, she said, asked her to "just get us out."

Britain was 30 times worse off than when it entered the Community, Mrs Buchan said.

Mr Jenkins attacked Mr Wiseman as "the silent man in the campaign—silent over his support for Mr Tony Benn on the left of the Labour Party.

"Everyone knows that supporters of Mr Benn lose votes from the public," Mr Jenkins said.

He jibed at the rosette given to Mr Wiseman by Mr Douglas Hoyle, who won the Warrington by-election ahead of Mr Jenkins. This rosette, the Alliance candidate said, was worn by the man who made the worst Labour showing in Warrington since 1924.

Mr Jenkins also attacked Labour's weekend resolution opposing nuclear weapons for Britain, and in particular the call by Mr Gavin Strang, MP, for civil disobedience if need be to oppose Britain's nuclear arms.

This amounted to breaking the law, Mr Jenkins said.

"How are we going to get more effective law and order, if the supposedly responsible Opposition spokesmen produce courses like this when they disagree with Government decisions?" he asked.

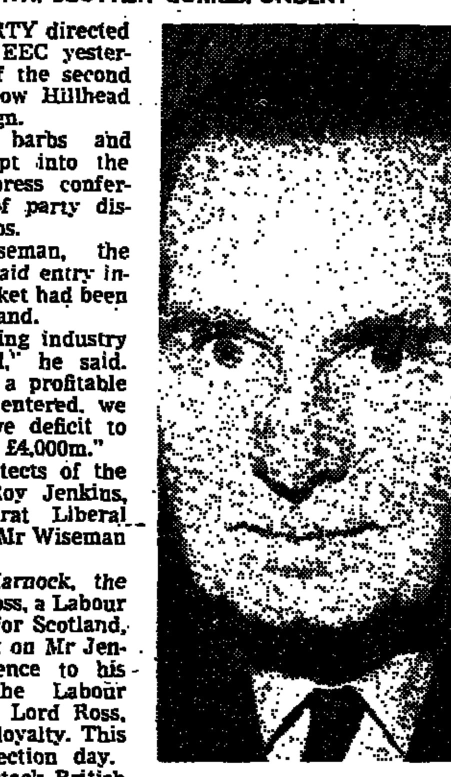
Mr Jenkins shrugged off weekend poll results, and said the public turnout for Alliance speeches had been remarkable. About 2,000 people had attended party rallies.

Mr George Leslie, the Scottish National Party candidate, was asked about Dr Strang's speech at the Scottish Labour Party conference in Perth, and said he would support civil disobedience only if all democratic procedures had been exhausted.

The Scottish nationalists, he said, were starting their second canvass, and if party workers worked hard the by-election could well be a "four-horse race," he said.

Mr Gerry Malone, for the Conservatives, accused Mr Jenkins of kite-flying over the Alliance candidate's attacks on the law and order programme of the Scottish Office.

In a speech prepared for a rally last night, Mr Malone attacked the Labour Party for "cutting the heart" out of Glasgow's commerce.



Lord Ross

Wiseman

Welsh water 'export price' put at £40m

By Our Welsh Correspondent

WALES should be paid £40m for water exported to English water authorities in order to cut charges to Welsh consumers, Plaid Cymru, the Welsh Nationalist Party, said yesterday.

In evidence to the Commons Welsh affairs select committee, this emerged as Plaid's price for calling off its campaign of non-payment of water bills until Wales receives a "fair and substantial" return for water to the Severn-Trent and North-West England water authorities.

Mr Dafydd Wigley, MP and Plaid's president, said subsequent charges to English consumers would still be less than in Wales. He suggested the "export revenue" cold go towards a capital fund for developing economic infrastructure and job-creation, especially in areas with heavy rainfall, and where reservoirs are located.

The Welsh Water Authority provides neighbours with bulk supplies on a no profit-on loss basis. However, it is seeking to charge Severn-Trent an extra £3m, a claim which is the subject of arbitration proceedings within the Welsh Office and Industry Department.

Plaid's non-payment campaign was launched this month as water bills showing a near 20 per cent rise on last year—the biggest increase of any authority—began arriving.

Mr Nicholas Edwards, Secretary of State for Wales, has accused Mr Wigley and "other normally esponsible citizens" of keeping "dangerous company with those who break the law by placing bombs in public places or setting fire to private property. There can be no compromise on such issues."

Plaid's evidence calls for more equitable water charges to reflect ability to pay, as well as water use, through a rebate scheme similar to local authority rate rebate schemes.

Engineering union leader links Labour cash to attack on left

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TRADE UNIONS could not continue to provide support for the Labour Party unless its leaders set an example by taking action against those in the party who "just masquerade" as Labour supporters, Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers said yesterday.

In a sharp attack on the left in the Labour Party, Mr Duffy said that because of the principle of reselection of MPs "we are now witnessing in some constituencies loyal, responsible mature members of parliament being discarded by organised bodies who seem to thrive on apathy.

"In some instances, these removals are engineered by people with no real desire to see the return of a Labour government, but who just masquerade as supporters and retard our opportunities of returning a Labour government to office."

Speaking to the annual AUEW women's conference in Eastbourne, Mr Duffy said that with such moves as these it was no wonder that the party was suffering a loss of membership.

Duffy

He said: "We in the trade union movement must indicate to the Parliamentary Labour Party and the NEC that our tolerance must not be deemed as weakness.

"We cannot continually rally physical and financial support for the Labour Party unless they set an example."

Mr Duffy made no direct reference to the bitter reselection contest in Bradford North, where the local party has deposed its AUEW-sponsored MP, Mr Ben Ford, in favour of Mr Pat Wall, a supporter of the party's Militant Tendency.

AUEW leaders are considering taking the sort of action Mr Duffy seemed to be recommending yesterday by continuing the union's financial support for Mr Ford if Mr Wall is selected as the official party nominee and Mr Ford stands as an Independent Labour candidate.

On industrial issues, Mr Duffy confirmed the AUEW's hopes of amalgamating not only its constituent sections, but also of joining other unions such as the Boilermakers' Society and the Electrical and Plumbing Trades Union.

He suggested, too, that a special police task force should be set up to protect women, and called for heavier sentences for rapists.

Whitelaw defends line on crime

BY LISA WOOD

MR WILLIAM WHITELAW, the Home Secretary, said yesterday he had a "totally firm and utterly realistic" approach to crime.

He was speaking on BBC television's Nationwide programme as increasing concern over law and order is being expressed within his party.

Home Office figures last week showed the highest number of serious offences in England and Wales to be recorded. In 1981 there was a 10 per cent increase to 2,964,000.

Figures published by the Metropolitan Police aroused controversy by giving the ethnic origin of street crime offenders.

Mr Whitelaw rejected criticism that his approach to crime was soft, for example in the Criminal Justice Bill which will give magistrates the power of partially suspending a sentence.

"I want to see violent offenders sent to prison for a very long time," he said.

The grime of mugging was very serious. The answer difficult to achieve but simple. It included the Government's support for the police through improved pay and conditions, as well as the support of local communities. The police had to "go in hard" against criminals but get the support of the community.

The police ha dto "be on their feet on the beat." If in spite of their efforts riots broke out, they had to be equipped to deal with them.

Mr Whitelaw's comments on "hard" and "soft" policing are similar to those expressed by Lord Scarman. In his report on the Brixton riots, Lord Scarman said there were times that intensive police operations were needed bur the police had to have the full support of the local community before initiating such saturation methods.

Elinor Goodman looks at two pamphlets that aim to spell out the objective of cutting unemployment

Foot sets out first stage of Labour's next election strategy

MR MICHAEL FOOT, Labour leader, launched the first stage of the party's general election campaign yesterday. He claimed that all its sectors were united behind he objective of reducing unemployment, and called for a new social contract, which could strain this unity in the long term.

What he had in mind was something more democratic and flexible than the last Labour Government's social contract which eventually brough relations between the unions and Labour to breaking point.

He was not talking about wage control but he made it clear the national economic assessment—which Labour and the unions agree would form the centrepiece of a Labour Government's economic strategy—in some ways an extension of the old social contract.

Mr Foot was speaking at the start of a £80,000 campaign aimed at telling the electorate how a Labour Government would implement its promise to bring unemployment to below 1m within its first term of office by increasing public spending.

The campaign is the largest launched by the Labour Party between elections and is being financed largely by the unions.

Posters will soon be put up throughout the country with the slogan "See what happens when you don't vote Labour." A total of 400,000 leaflets have been prepared setting out Labour's "10-point plan for jobs."

The campaign is the first tangible product of the agreement reached between union and Labour leaders at Bishop's Stortford.

Sitting beside Mr Foot was Mr David Basnett, chairman of the Trade Unions for a Labour Victory and general secretary of the General and Municipal Workers' Union. He stressed the unions' commitment to a Labour victory.

He emphasised the close and continuing relationship the TUC envisaged with the next Labour Government.

Both he and Mr Foot trod carefully around the issue of pay. Fundamental to Labour's alternative economic strategy is the national economic assessment.

The pamphlet launched yesterday describes this as an agreement between the unions and Labour on the "use of the country's resources—between public spending, investment and private consumption—and on the share of national income going to profits, earnings, rents and social benefits."

At the weekend the Scottish Council of the Labour Party passed a resolution rejecting an economic assessment which contained a commitment to controlling incomes.

Mr Foot and Mr Basnett tried to keep to the form of words agreed between the unions and the Labour Party.

Mr Foot said a Labour Governmet would discuss with the TUC before the Budget how resources would be allocated. All relevant factors would be considered.

In answer to a question, he said the social contract had been a good relationship and worked well for a period.

Mr Basnett said the unions were determined to avoid the kind of "structured" incomes policy which led to the problems between the unions and the last Labour Government.

As well as the 10-point plan for jobs, the party has produced a fuller explanation of its economic policies entitled Britain on the Dole.

The policies contained in both pamphlets are based on Labour Party conference decisions.

They formed the basis of the economic package put forward by Mr Peter Shore, Shadow Chancellor, two weeks ago as Labour's alternative budget.

The booklet stresses that to get back to full employment Britain will need "1m new jobs a year for five years." The party's objective "is simply that work should be available for those who wish to take it." This is what is now meant by full employment.

Labour will plan for sustained growth over five years. It will boost spending power with "public investment projects, major construction programmes, better public services and improved benefits."

As another way of reducing unemployment, the booklet suggests longer holidays, earlier voluntary retirement and a 35-hour week. The public sector, it says, could take the lead in improving conditions.

Unplanned expansion might create labour shortages in some areas, while others were suffering serious unemployment. It advocates directing new public investment into areas where jobs are most needed.

The second plank of Labour's plan for recovery will be a new industrial strategy, involving planning agreements with some 150 of the largest companies, and an extension of public enterprise into key sectors of industry.

The public stake will be taken in each important sector in industry.

The document reaffirms the party's commitment to setting up a national investment bank, exchange controls and moves to regulate international flows of "speculative funds."

Labour will "control imports as part of a planned growth in trade." The pound will be set at a "sensible level to allow our industries to compete fairly with those overseas."

Trevor Humphries

Mr Michael Foot, Leader of the Opposition, outside parliament yesterday with a group of health service staff lobbying MPs on pay

EEC payment criticised

By Max Wilkinson, Economics Correspondent

THE GOVERNMENT should refuse to pay disputed contributions to the European Community budget without prior agreement of the UK Parliament, the Treasury and Civil Service committee said yesterday.

In a report on the spring supplementary estimates, the committee criticises the Government for paying from the contingency fund £7m of the contribution 1981-82 which is subject to legal argument.

TECHNOLOGY

EDITED BY ALAN CANE

Union of viewdata and video set to bear fruit

BY JOHN CHITTOCK

FOR ANYONE living in the UK, it may not have escaped their notice that this is Information Technology Year (although the ways in which it actually manifests itself may remain less clear). Coincidentally, 1982 will also witness the second International Video Week in London—when in May a wide variety of events will be staged on London's South Bank, supported this year by substantial sponsorship from the leading TV rental groups and the video industry.

One of the additions to International Video Week this year will be the Financial Times Video Industry Award, presented to the company which has demonstrated notable commercial achievement or innovation in the video business. The second International Video Festival will be another feature of the week—a competitive event for programmes on all manner of industrial, commercial, educational and social subjects. Entries for the FT Award are not required—selection will take place on the basis of nominations; but for the Festival, companies still have time to enter programmes (telephone the London administration at 670 5400).

Festival

The Video Festival is largely based on sponsored programmes, which have a lineage that started in the late 1920s with the documentary movement of John Grierson. This Scotsman's achievement was to discover how the cinema could serve as a powerful creative medium in industry and the national interest. Through that pre-war documentary movement, film found a way of marrying art and function.

Yet for all the creative connotations which surround the documentary tradition (which still lingers on in British television), Grierson was primarily concerned with the simplification of information. For him, film had an important communications role to play in the national interest . . . "a country is only as vital as its processes of self-education are vital."

Grierson would therefore thoroughly approve of the intentions of Information Technology Year. Also of the surge in video production, much of which is orientated towards the simplification of information.

Video and Film

What he would make of the sometimes appallingly poor creative standards of many video productions is another matter; he had a vocabulary that could rise very well to such demands.

As an electronic-based medium, perhaps video production is moving more towards the concept of a data carrier—in which raw information is much more relevant than the creation of an emotional climate in which the information is delivered. The represents a major shift from the Griersonian idea of the moving picture... "it is as a hammer, not a mirror, that I have sought to use the medium."

The quintessence of this shift was demonstrated last week with the launch of a computer based audio-visual system by Scicon, the computer services company, heralded as an "all-in-one teaching medium" combining video pictures and words. With the acronym CAVIS (Computer Audio Video Instruction System), the equipment links a VHS videocassette recorder to a microcomputer, videotex generator, and of course a television screen. Training programmes provide the viewer with a combination of moving pictures, sound track, alpha-numeric information and graphics—all displayed on the TV screen, but with a hard copy printer available to lift off any particular data required for further study.

Keypad

With a keypad, the viewer can control the progression of the programme, stop, recap or advance. Response buttons on the keypad also allow the viewer to be "interrogated" by the programme so that if any part of the learning process has been misunderstood, this will be revealed so that the programme can automatically go back over the particular point. The computer meanwhile keeps a record of these responses and the progress of the "lesson" so that trainers can later analyse the performance of the viewer.

The moving picture element of a CAVIS programme is thus reduced to an extremely functional role — the simplification of information; especially information which graphics, text or sound track cannot possibly convey. Paradoxically, this may impose some unexpected creative pressures because the shooting of a moving picture which has such a vital part to play is not easy and cannot be bodged through the normal tricks of editing and montage.

Convergence

After seeing two CAVIS programmes I was bound to wonder where this marriage of moving pictures and data will finally lead. The convergence is not a one-sided affair—alpha-numeric data systems such as viewdata and teletext are developing a capacity to transmit full colour pictures. Last week the BBC revealed that it has made "the first public broadcast of high quality still pictures" via teletext—and examples of this I have seen earlier indeed support the claim of high quality.

One consequence of such developments will be to expand the usefulness of Prestel and other viewdata systems. For example, travel agents are already making extensive use of viewdata as an obvious method of obtaining and sending information; but their terminals will also become an important marketing tool when they can show customers, on the screen, pictures of hotels and resorts.

The point is not missed in a market research report on private viewdata systems undertaken by Logica on behalf of Philips Business Systems. Such developments are seen, in the report, as likely to have an impact on the shape of viewdata markets—although not within the next three or four years. The research estimates that private networks currently account for about 3,200 terminals (against Prestel's 13,500, although some are common to both). They predict a growth in private systems as high as 90 per cent in the next six months.

Such developments may be more efficient. But they will be much less fun—lacking the stimulation and the magic of the cinema.

Alan Cane reports the impending battle for the U.S. insulin market

Novo takes fight to Lilly

NOVO INDUSTRI, the Danish biotechnology company, is within months of commissioning a factory which will be able to manufacture simultaneously products made by traditional biochemistry or the exotic new techniques of genetic engineering.

Mr Kim Hueg, executive vice-president for production and engineering said: "It will be a multi-product factory and it will be ready to start production in 1983."

The company is staying characteristically close-lipped about the products the new factory will make by genetic engineering, but all the indications are that the first will be insulin, the drug essential to the treatment of diabetes.

Human product

The world leader in insulin is Eli Lilly of the U.S. with approximately 50 per cent of the market. Novo, with sales of about £63m in 1981, has roughly a third of the world market, principally in Europe, Scandinavia and Japan. Lilly is already far advanced with an insulin produced by genetic engineering—it agreed in 1978 to licence and market a human insulin developed by Genentech, one of the leading U.S. genetic engineering companies.

The genetically engineered human insulin that Novo will market is being developed by another leading biotechnology company, Biogen of Geneva.

But the beginning of the battle for dominance in insulins produced by these sophisticated means is probably some way off. Lilly could have a product on the market by the end of 1983.

Ms Lindsay Jenkins, an analyst with stockbrokers Fielding, Newson-Smith who specialises in Novo reports: "We cannot at this stage estimate when Novo will have a genetically engineered insulin on the market."

The real battle for dominance in the world insulin market will be fought in the next couple of years and it will be fought with conventionally prepared hormones. And it will be fought on Eli Lilly's home ground, the U.S. market place.

In Lilly's favour are its current domination of the U.S. market, its size and power (turnover U.S.$2.5bn in 1980) and its well established and experienced sales team. It has a proven range of insulins and has lion's share of the publicity for its genetically engineered product.

Mr Kim Hueg, left, and Mr Kare Dullum of Novo

Novo can count on an effective and aggressive management team hungry for success in the U.S., a marketing arrangement with E. R. Squibb, the U.S. pharmaceutical company, which gives Novo access to Squibb's sales force. It believes its insulins are of higher quality than Lilly's and can point to a history of innovation in new and improved insulin families.

It can also point to a remarkable financial record. Its annual results for 1981, released last week, show a turnover of U.S.$305m, some 29 per cent up on 1980. Income before taxation was up by 47 per cent, from U.S.$33m to U.S.$62m.

Founded in 1925, the company's success is based on its ability to extract and purify two kinds of compound from animal tissue, hormones such as insulin, and enzymes like trypsin.

In the 1950s, it developed an improved series of insulins extracted from porcine and bovine pancreas—the Lente series—which reduced the number of daily injections required.

Its major success was in the development of a very highly purified insulin—monocomponent insulin—which it began to market in 1973. These preparations now account for some 65 per cent of its total insulin sales.

But insulin from pigs or cows is never a totally satisfactory replacement for human insulin. The hormone is a protein built up of amino-acid building blocks—porcine insulin differs from human insulin in only one amino acid.

Malta

Novo has therefore used its biochemical expertise to convert porcine insulin to human insulin. Clinical trials of this insulin are now under way in the UK, the U.S. and Denmark. Novo is already selling human insulin in Malta where state approval is not necessary and where Novo has an old-established marketing presence. It must be very confident of the quality of its product. Novo produces roughly half the world's industrial enzymes—additives which give special zest to brewing yeasts and detergents, for example.

In 1970, Novo's sales dropped from DKr 550m to DKr 250m as a result of public concern over the safety of enzyme detergents. They were cleared of risk, but Novo has not forgotten the experience. A bad experience with human insulin in Malta would prejudice its acceptance worldwide.

Novo is building plant in the U.S. and Japan because it is convinced a truly international company has to set roots in its adopted countries; what other indicators are there of Novo's chances in the U.S.?

Money is not a problem. Kare Dullum, senior executive vice president and architect of the company's financial position, says the company will not need to go to the market for funds in the near future. And in the case of genetic engineering: "The holiday with the investors is over" according to Mr Dullum.

Lindsay Jenkins gives the company a clean bill of health, but if there are doubts about Novo's ability to tackle the giant Lilley on its own territory, they must lie in the marketing relationship with Squibb. Ms Jenkins believes the company has no option; it could not set up its own marketing organisation from scratch and hope to be competitive.

Mr Dullum placed his faith in a rejuvenated Squibb: "We have seen that company change dramatically in three years; we are sure we are pulling the same wagon in the same direction."

Why insulin is vital

DIABETES is thought to be the third most common cause of death in the West after heart disease and cancer. It is the result of the body's inability to regulate the level of sugar in the blood; regulation is carried out by the liver under the control of the hormone insulin produced in the pancreas. In diabetics, insufficient insulin is produced or the insulin cannot properly be utilised.

For many diabetics, insulin injections are the only hope of something approaching a normal life. Insulin is prepared by processing many thousands of tonnes of animal pancreas annually. Biochemically prepared or genetically engineered insulin offers the chance of substantial supplies of very pure, cheap human insulin. Already physiologists are looking at better techniques of delivering the insulin dosage such as implanted devices which release the correct amount of insulin into the bloodstream over a long period of time.

Electronic components data base

ESTABLISHED AT the University of Sheffield in conjunction with the British Standards Institute is a computer-based data bank called Codus which holds up-to-date characteristics of all electronics components approved to BS 9000.

Access to the Codus files is now available to anyone seeking the latest information on electronic components of assessed quality. At present, six dial-up lines are available to Codus. A suitable modem or acoustic coupler and a 300 baud VDU or printer are all that is needed to make on-line inquiries.

The current charge for unrestricted use is £750 per annum but new users will be allowed a three month trial period free of charge.

More from Dr D. Radley at the University on 0742 78555.

Infra-red analyser

KENT INDUSTRIAL Measurements of Cambridge has developed Infragas 400, an infrared analyser designed to measure accurately and continuously by volume a selected component in a gas sample stream.

Examples of use include the measurement of sulphur dioxide, ammonia and other toxic gases in pollution monitoring, level checks in industrial processes and the measurement of contaminant levels in gas manufacturing.

THE MANAGEMENT PAGE: Small Business

A BUDGET PERSPECTIVE

More scope given for starting up and handing over

IMPORTANT tax incentives which should help entrepreneurs in particular provided one of the brighter spots for small firms in this year's Budget.

The most far-reaching change was arguably the Chancellor's decision to allow individuals and companies relief for inflation when calculating capital gains. This takes effect from next month and means, for example, that the ultimate tax bill for anyone keen to build up a business and sell it off to the next generation of owner managers in, say, 10 years' time could be significantly reduced.

No relief will be given for the first year of ownership but in future years the original cost will be adjusted on a monthly basis by the increase in the Retail Prices Index (RPI).

There is some disappointment in that indexing will not be permitted in respect of gains made before April 1982. Small firm lobbyists feel that since the Chancellor clearly accepts the principle that it is wrong to tax inflationary, as opposed to "real" gains, he might also have made the measure retrospective.

The big breakthrough, however, has been made and represents a further step forward in easing the position for entrepreneurs and other small businessmen who wish to sell a company they have built up. Although "rollover relief" for CGT is available when handing on a business, there is still a problem with capital transfer tax (CTT).

The Chancellor has continued to increase the threshold below which CTT is payable (now £55,000). He is also committed to indexing this threshold and the bands which apply above it in future. Although special relief is already available on the transfer of business assets—this was introduced by the last Labour government following the efforts of Lord Lever—the need for careful CTT planning remains paramount.

For any successful business valued in excess of £100,000 it is still worrying that the prospect of a hefty CTT bill can undermine an entrepreneur's ambition, though elaborate avoidance schemes are often used.

Another significant measure this time is the Chancellor's move to ease the tax charge where an unquoted trading company buys back its own shares. This power was granted for the first time in the 1981 Companies Act and was widely acclaimed as a major encouragement for small firms to seek outside equity. Entrepreneurs, it was felt, would be keener to bring in outside shareholders if they knew they could ultimately buy them out.

Serious tax problems, however, have threatened to torpedo this measure—notably the liability of those cashing in their shares to income tax rather than capital gains tax (which would normally be at a lower rate) plus the charge to Advance Corporation Tax (ACT) on what is deemed to be a distribution.

Under new relief introduced in the budget, transactions "in certain cases" will be subject to CGT only.

Having studied the accompanying Inland Revenue-inspired restrictions, however, accountants at this stage are uncertain how effective this new concession will be. The transaction, for example, must be "for the benefit of the trade," it must be carried out by a trading company (holding companies will therefore presumably be disqualified), and the disposal must represent all or "a substantial part" of the shareholder's interest in the company.

Lobbying at the committee stage of this year's bill is likely to be fierce.

Tim Dickson

CHANGES to the Business Start-up Scheme have been widely welcomed but still fall short of some City and small firm lobbyists' expectations. This is particularly so with regard to the delay in receiving tax relief.

The scheme was introduced in the 1981 Finance Act. As a result outside individual shareholders in a "new" company (up to five years old) can obtain relief at their top marginal rate of income tax on subscriptions of up to £10,000 in any one financial year. The net cost, for example, of a £5,000 investment in Aunt Sally Widgets—provided this is a qualifying company—is only £2,500 if you pay tax at 50 per cent.

Appreciating the difficulties faced by "start ups" in attracting new equity, the Chancellor has now increased the sums which individuals can invest under the scheme. The limit for 1982-83 and 1983-84 is being upped from £10,000 to £20,000 and in addition anyone who has been unable to use up his or her £10,000 for 1981-82 will be able to carry it forward to next financial year. Thus the limit for 1982-83 becomes £30,000.

This new "rollover" provision acknowledges the slow initial take up by potential investors—apart from those participating in the five approved funds set up under the scheme it is difficult to track down individuals who have taken advantage of the incentives "off their own bat." The higher limits take into account very high income earners who apparently consider a £10,000 tax shelter to be mere chickenfeed. (They have seemingly continued to concentrate on leasing containers and building small workshops where the tax saving can be much greater.)

The Chancellor, meanwhile, appears to have largely ignored the many submissions calling for a relaxation of other restrictions in the scheme. In particular, accountants and other City observers are concerned that the delay between making an investment and receiving reimbursement from the Inland Revenue—up to two years in some cases—is discouraging high income earning executives who cannot cope with this pressure on their personal cash flow. Many would therefore like to see a specific measure bringing the relief forward.

The Association of Independent Businesses (AIB) is also disappointed that its proposal to extend the scheme to all companies has fallen on deaf ears. The AIB's spokesman points out that individuals are more likely to support a more mature business in a later stage of development—with a product and at least some sort of track record—than a completely new start up.

Although the Government takes the view that most of the wrinkles in the business start up scheme were ironed out in committee stage last year, the indications are that changes will be sought by various lobby groups.

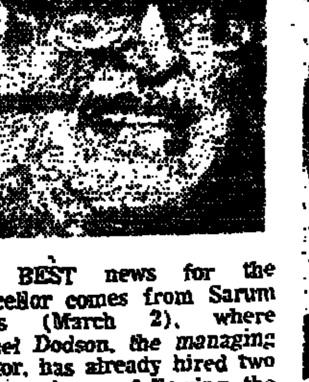
Other encouragement for start ups in the Budget came with the increase to three years in the qualifying period for tax relief on pre-trading expenditure. Expenses such as wages, rents and rates incurred before trading begins can be offset against profits under Section 39 of the 1980 Finance Act.

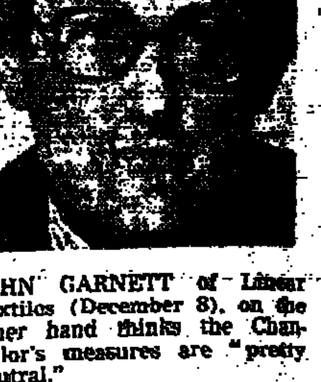
Measures are also being introduced so that school leavers can obtain what are known as 714 certificates under the construction industry tax deduction scheme. A certificate enables sub-contractors to be paid by builders without deduction of tax. The change could encourage more school leavers to set up as plumbers, electricians, etc.

T.D.

Views from the inside

Tim Dickson reports on the current position of some entrepreneurs featured on this page and how they view the Chancellor's measures





THE BEST news for the Chancellor comes from Sarum Farms (March 2), where Michael Dodson, the managing director, has already hired two extra employees following the fall in interest rates. "It was the indication in his speech that this would be happening that made up my mind," says Dodson. "The quicker they fall the sooner British industry will start expanding again."

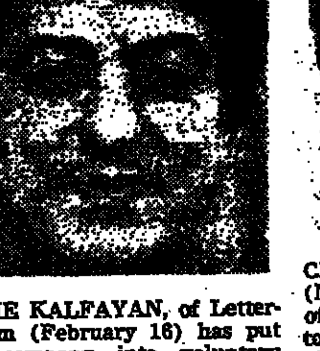
The bad news for Dodson is that Winchester City Council, against the advice of its planning officials, rejected his application for permission to continue developing his timber roadway and excavator hire business on a site where he previously ran a chicken farm. He will appeal.

JOHN GARNETT of Linear Textiles (December 8), on the other hand thinks the Chancellor's measures are "pretty neutral."

"For a company our size (turnover £1m) I do not think any of the concessions will make much difference. The reduction in the National Insurance surcharge is welcome but it has not gone far enough."

Garnett says he is finding new export markets for his pile weatherstripping products.

[...] clearing banks." He has set up another company, found bank funds by mortgaging his house and thinks he may have found outside capital.



EDDIE KALFAYAN, of Letterstream (February 16) has put the company into voluntary liquidation. This specialist printing company which was fighting for a lifetime as the Inland Revenue—one of its biggest creditors—moved in, was effectively prevented from trading by the High Court. Kalfayan comments: "It is ironic that when the Government is trying to support growth companies, high technology and high risk ventures its intentions are not being carried out by the

CHRIS BULL of Sabre Tooling (November 3), a manufacturer of tool holders for machine tools, is excited by the £130m of assistance which the Government announced for space, electronic and engineering development. "We hope this will persuade some of our customers to put in orders for our products which they cannot justify at the moment."

Bull had to make two people redundant last year as orders fell away but sales in the first two months of 1982 have exceeded targets. He is optimistic in the short-term.

Loan guarantees: enterprise agencies: engineering scheme — by John Elliott

BETWEEN 12 and 15 small businesses backed by the Government's loan guarantee scheme have collapsed out of 2,741 provided with loans since the guarantees were launched in June last year.

The total value of guarantees approved so far by the Industry Department totals £99.1m. In the budget the Government raised the current ceiling for the guarantees from £100m to £150m and also authorised a single tranche of £150m for the second year of the scheme.

Barclays Bank has the most guarantees approved — 632 worth £24.5m—and has not yet had any collapses although there are believed to be two possible candidates.

National Westminster, after cutting its interest rate to 1½ per cent above base rate two months ago (compared with the 2 to 2½ per cent charged by the other main banks) has moved up into second place with 594 guarantees worth £19.9m. It has had two businesses fail for which it has made claims for about £70,000 to the Department of Industry.

Lloyds has fallen back into third place with 530 guarantees worth £17.5m and has three or four failures.

Midland has 464 guarantees worth £14m (three failures) while the Industrial and Commercial Finance Corporation has 300 guarantees worth £7.5m (three failures).

The Industry Department will shortly conduct a survey of how the scheme has worked with the 27 banks and financial institutions involved.

THE Industry Department will soon set up a vetting system for enterprise agencies to enable member companies to claim the sort of corporation tax relief available for charity donations.

The Government hopes that the relief, announced in the Budget for a ten-year period, will encourage far more companies to help agencies, particularly in provincial towns.

To qualify an agency "must have as one of its principal objectives the promotion or encouragement of business enterprises, including in particular the encouragement of small business," says the Treasury.

But rules now being drawn up for inclusion in the Finance Bill will be far more restrictive than many of those involved had hoped. So there is not likely to be a major surge of funds, say from oil companies seeking relief from petroleum revenue tax.

The Environment Department had hoped that funds for agencies' community-oriented projects — building playgrounds for example—would count for relief. But agencies will probably have to keep separate accounts for this work because it appears that only funds channelled towards helping small businesses will qualify.

Some large companies had hoped that investments in capital projects would count, but they too are being excluded. Shell, for example, will not gain tax relief for its £300,000 investments in two London Enterprise Agency factory projects.

The Industry Department also failed to gain relief for companies working on their own without an agency umbrella.

The London, Birmingham and Leeds agencies do not expect to gain from the relief because they are constituted within chambers of commerce. But the other 60-odd agencies will be able to apply because they are less dependent on links with local chambers.

There are about 60 companies involved at present. But the Government is concerned that only about 15 large companies like Shell, IBM, Marks and Spencer and the clearing banks have wide-ranging commitments.

Shell spends about £80,000 a year on its donations to seven agencies. This is in addition to the £120,000 annual cost of seconded staff (who are still on Shell's books for tax purposes) and its other community work.

CAPITAL equipment such as power - driven cutting machines with sequence or numerical controls, machine tools, welding and metal-working machinery, and metrology equipment will all qualify for grants under the Small Engineering Firms Scheme announced as part of the budget's £130m "innovation package."

Patrick Jenkin, Industry Secretary, has said about £15m may be made available and details will be announced at the end of the month.

The aim is to encourage small engineering businesses to modernise their production techniques so that their productivity is improved and the flow of orders to engineering equipment manufacturers is increased.

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AN INTRODUCTION

The Chancellor announced in his budget last Tuesday a series of measures designed to help small businesses and to encourage enterprise and risk-taking.
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FT COMMERCIAL LAW REPORTS

Hire not payable during off-hire period

TRADAX EXPORT SA v DORADA COMPANIA NAVIERA SA

Queen's Bench Division (Commercial Court): Mr Justice Bingham: March 4 1982

A CHARTERER who contracts to make punctual hire payments in instalments one month in advance is not under an obligation to pay when the vessel is off-hire on the date due for payment; but if he does so, he is entitled to make such payment with a deduction for the anticipated off-hire period.

Mr Justice Bingham so held when giving judgment for the plaintiffs, Tradax Export SA, charterers, in their claim for a declaration that the defendants, Dorada Compania Naviera SA, owners of the chartered vessel, the Lutetian, were not entitled to withdraw her from the charterers' service.

* * *

Clause 4 of the New York Produce Exchange form of charter-party provides: "... the charterers shall pay for the use and hire of the said vessel ..."

Clause 15 provides: "... in the event of loss of time from ... drydocking for ... cause preventing the full working of the vessel, the payment of hire shall cease for the time thereby lost ..."

Clause 33 provides: "Should the vessel put back on a voyage by reason of a breakdown ... the hire shall be suspended from the time of her putting back until she again be in the same or equivalent position and the voyage resumed therefrom." ...

HIS LORDSHIP said that the Lutetian was chartered by the owners to the charterers by a time charter on the New York Produce Exchange form, with amendments. Hire was to be paid monthly in advance into the owners' Swiss bank account at a daily rate of $5,100 rising to $5,200 in the second 12 months of the charter.

Failing punctual payment, the owners could withdraw the vessel from the charterers' service after giving three days' notice.

The vessel was delivered to the charterers on July 18 1979. In early July 1980 the vessel developed engine troubles. She put into Palermo for repairs and came off-hire from July 8.

Late on the evening of July 17 the owners informed the charterers by telex that the vessel was still in drydock and was expected to sail on July 21/22. By the time the message reached the charterers in Geneva, the officer responsible for making hire payments had gone home. She did not see the telex till next morning, Friday July 18, which was the date on which hire was ordinarily due under the charter.

The officer calculated the hire payment from July 18 to August 18. She deducted 14 days off-hire from July 8 to 18, and the four days which were expected to accrue before the vessel left Palermo on July 21/22. She authorised the accounts department to pay and then informed the owners that payment had been made.

At 6pm that same day, the accounts department instructed the charterers' bank to transfer the sum to the owners' bank, and *payment was made on the following Monday at 10.06 am.*

The owners, after receiving the message on the Friday that hire had been paid, were quickly able to ascertain that it had not, and at 8.18pm the same day they informed the charterers that they would exercise their right to withdraw the vessel.

On Wednesday July 23 the owners withdrew the vessel on the ground that the charterers were obliged to pay monthly in advance, and could not make deductions for anticipated off-hire. They offered the vessel back to the charterers on terms *identical to those in the charter party*, but at a hire of $9,000 a day. The charterers protested vigorously, but paid the sum deducted for anticipated off-hire on the same day. They then commenced the present proceedings.

The question, *inter alia*, was whether hire was payable by the charterers on July 18, and if not, whether they were entitled to make payment with deduction for the off-hire period.

Mr Hallgarten, for the charterers, contended that if the vessel was off-hire on the due date for payment, the obligation to pay the next monthly instalment in advance was suspended under clause 33 of the charterparty until the vessel was again *in the charterers' service*. He said that "for the time thereby lost" in clause 15 meant "during the time thereby lost."

Mr Evans, for the owners, contended that the charterers' obligation was to make punctual payment of one month's instalment in advance, whether the vessel was on-hire or off-hire. He said that "payment of hire shall cease for the time thereby lost" was a reference back to clause 4, and accordingly it was the hire obligation, not the mechanical making of payment, which was to cease.

There was nothing in clause 15 to indicate that there was reference back to clause 4. Also, it would be surprising if a draftsman were gratuitously to incorporate a reference to payment by providing that "the payment of hire shall cease" if he meant to convey that the charterers' obligation to make payment would continue although his obligation in respect of hire temporarily ceased.

Some assistance was indirectly to be derived from *CA Stewart & Co [1918] 2 KB 560*. The vessel in that case went off-hire two weeks after payment of the monthly hire instalment. The charterers sued for recovery of hire paid and not earned. Lord Scrutton said at page 564 "... payment is for the next calendar month ... if during that month the ship is off-hire ... there is a failure of consideration for the payment, and the sum paid ... can be recovered by action."

If the owners' construction of the charterparty were right, the *application of that principle* would mean that the charterers were obliged to pay a full month's hire on July 18, but were immediately thereafter entitled day by day to recover hire for which the consideration had failed, until the vessel was again on-hire. The *futility of that process* would suggest that in such a situation the hire was not to be paid at all until the vessel was on the point of returning to service.

The authorities were not of real assistance to the owners. They left the real issues as to the effect of clause 15 open for decision.

The charterers' construction accorded more closely with the language used. It was likely that the parties, when contracting, intended the owners to be secured by payment in advance for hire which they would or might earn, but not that they should be secured for hire which they would never earn.

With regard to whether the charterers were entitled to pay the hire subject to deduction for off-hire, it would be surprising if the Draconian sanction of withdrawal could apply on non-payment of money which it was believed the owners could never *earn*.

The decided cases did not approve, nor condemn, the practice of deduction. They did not deal with vessels which were off-hire on the due date for payment.

If the obligation to make payment was suspended, payment on the *due date subject* to a deduction represented conduct on the charterers' part more favourable to the owners than compliance with their strict legal duty, and was therefore unobjectionable. That, of course, assumed that the deduction was based on the *owners'* best estimate of the likely period of off-hire, which in practice would rarely, if ever, be an over-estimate.

Judgment for the plaintiffs.

For the charterers: Anthony Hallgarten QC and Stephen Males (Sinclair, Roche & Temperley).

For the owners: Anthony Evans QC and Stephen Tomlinson (Richards, Butler & Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

HOLDING GROUND will not help the cause of England's most improved young hurdler, Broadsword, at Cheltenham today. It now seems probable that only Ekbalco can prevent Daring Run from giving Ireland her ninth Champion Hurdle success since the Second World War.

Daring Run put in a spectacular late run to demolish weak opposition in his final preparatory race, the Leopardstown Champion Hurdle. He has always excelled in the mud. Ekbalco ploughed through atrocious ground on his way to the runner-up's spot in the Schweppes Gold Trophy at Newbury.

Those performances both came on Valentine's Day. There are no satisfactory form lines available for even trying to judge which was the better effort.

Ekbalco failed by just a head to give the gritty Donegal Prince 13 lbs in Newbury's 27-runner handicap run on ground officially described as heavy. Daring Run made light of only marginally better underfoot conditions in racing to a six-lengths victory over Enhancer.

In what should prove another closely fought run for the Waterford Crystal race, the absence of Sea Pigeon and Celtic Ryde from which is a sad feature. Daring Run's undoubted class may just give him the edge over Ekbalco. Third place can be filled by Gaye Chance.

Ireland, responsible for 22 runners today, has a fine record in the opening Waterford Crystal Supreme Novices Hurdle. There must be every chance the invading team's seven-strong challenge headed by Bold Agent will prevail.

Hill Of Slane has to find 5 lbs on Crimson Embers on their running at Ascot last month in the Waterford Crystal Stayers Hurdle.

CHELTENHAM
2.15—Bold Agent
2.50—Pay Freeze
3.30—Daring Run**
4.05—Hill Of Slane***
4.40—Temple Mills
5.15—Friendly Alliance*

TELEVISION

Chris Dunkley: Tonight's Choice

No fewer than eight programmes deserve mention tonight, an unusually rich evening. In transmission order: Key Largo on BBC-2 is a 1948 film, directed by John Huston, bringing Bogart and Bacall together to attempt a repeat of the triumph of "To Have And Have Not." *It succeeds.* On Radio 4 David Wheeler presents the first of two programmes on The Fall Of The Shah which traces events in Iran and reactions in Washington during 1978 and 1979. Disappearing World on ITV shows the lives of the Ashante tribe in Ghana. The family system is polygamous but Kumasi and Central Market, used by up to 70,000 people a day, is dominated and run by women.

BBC-1's "Play For Today" is Home Sweet Home, a film about three postmen and the way their private lives intertwine, "devised and directed" by Mike Leigh who made "Grown Ups" and "Abigail's Party." Toni Basil on BBC-2 is a repeat of the slickest pop video I have ever seen. Just Desserts on ITV is the second episode in a three-part Bognor serial. Derek Jacobi reads Gray's "Elegy Written in a Country Chuchyard" on BBC 2's Poems In Their Place. Most interesting of all, perhaps, Everyman on BBC-1 tries to settle the question of whether there is an afterlife by talking to those who have been very close to death.

BBC 1

6.40-7.55 am Open University (UHF only). 9.35 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The Perils of Penelope Pitstop. 5.00 John Craven's Newsround. 5.10 Break in the Sun.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Bugs Bunny, cartoon.
7.05 Doctor Who starring Peter Davison.
7.30 A question of Sport.
8.00 Emery presents "Legacy of Murder," starring Dick Emery.
8.35 *Taxi:* America's comedy hit, starring Judd Hirsch in "Elaine's Strange Triangle."
9.00 News.
9.25 Play for Today: "Home Sweet Home"—a film by Mike Leigh.
10.55 Everyman: "At the Hour of Death." A report on a group of people who have had a close brush with death and affirm that there is life after death.
11.43 News Headlines.
11.45 In Conversation: Sue Lawley talks to Labour MP, Mr Leo Abse.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
2.00 Racing from Cheltenham.
4.20 Caught in Time.
4.40 Seapower.
5.10 Tanzania.
†5.40 Laurel and Hardy in
6.00 The Waltons.
6.45 News Summary.
†6.50 Huston directs Bogart in "Key Largo."
8.25 Russell Harty's Irish night out.
9.00 Pot Black 82.
9.25 One Man and His Dog.
10.10 Toni Basil.
10.35 Poems in their place.
10.45 Newsnight.
11.30 Racing from Cheltenham, highlights.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus with Mavis Nicholson and Glyn Seaborn Jones. 2.45 The Sandbaggers. 3.45 Welcome Back, Kotter. 4.15 Dr Snuggles. 4.20 On Safari. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London: the magazine programme that covers the big stories and issues in and around London today.
7.30 pm Max Bygraves—Side by Side with—Acker Bilk.
8.00 The Glamour Girls.
8.30 Top of the World presented by Eamonn Andrews.
9.00 Disappearing World.
10.00 News.
10.30 Central America Emergency Appeal.
10.35 Just Desserts.
11.35 Kaz.
12.30 am Close: "Sit Up and Listen" with Dr Anthony Storr.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does The Team Think? 6.00 About Anglia. 7.00 Peterborough Festival of Country Music. 11.35 The New Avengers. 12.35 am Tuesday Topic.

BORDER

1.20 pm Border News. 3.45 Does The Team Think? 5.15 Radio. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.35 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does The Team Think? 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.35 Central News. 11.40 Tuesday Jazz and Blues.

CHANNEL

12.30 pm Bygones. 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does The Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 11.35 Danger UXB. 12.35 am Commentaries Et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Paint Along With Nancy. 1.20 North News. 3.45 Does The Team Think? 5.15 Emmerdale Farm. 6.00 North Tonight. 7.00 The Two of Us. 11.30 The Monte Carlo Show. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Old Salts. 3.45 Does the Team Think? 5.15 Diff'rent Strokes. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 11.35 Ladies Man. 12.05 am Late Night From Two.

HTV

12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 The Comedians. 7.00 Emmerdale Farm. 10.28 HTV News. 11.35 The Amazing Years of Cinema.

HTV Cymru/Wales—As HTV West except. 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Trehatiau. 4.15-4.45 Camigam. 5.10-5.20, Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Amgueddfa Genedlaethol Cymru. 11.15-12.15 am Bognor—Just Desserts.

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show. 3.45 Does the Team Think? 5.10 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 11.35 Late Call. 11.40 Ladies' Man. 12.10 am 1982 Butlin's Grand Masters Darts Championships.

TSW

12.30 pm Bygones. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does The Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 11.35 Danger UXB. 12.35 am Postscript. 12.35 South West Weather.

TVS

12.30 pm The Sullivans. 1.20 TVS News. 3.45 Does The Team Think? 5.15 Radio. 6.30 Coast To Coast. 6.00 Coast To Coast (continued). 7.00 The Real World. 11.35 Vegas. 1.35 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.35 The Two Of Us. 12.05 am Free Church Congress.

ULSTER

1.20 pm Lunchtime. 3.45 Does The Team Think? 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 7.00 Emmerdale Farm. 10.28 Ulster Weather. 11.35 News at Bedtime.

YORKSHIRE

12.30 pm To Norway—Home of Giants. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.35 Barney Miller.

RADIO

(s) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Andy Peebles. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (s).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Don Durbridge (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 One Man's Variety. 11.00 Brian Matthew with Round Midnight. 1.00 am Trucker's Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Rameau (S). 10.00 Francaix and Mozart concert (S). 10.50 A Frescobaldi Mass performed by the BBC Singers (S). 11.20 Takacs-Nagy Quartet (S). 12.05 pm Hallé Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Hallé Orchestra, part 2 (S). 2.05 Songs by Britten and Douglas Young (S). 2.45 The Mendelssohn and Brahms String Quintets (S). 3.45 Aulos Trio (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Jean Rhys: Paul Bailey presents a portrait of the author. 7.40 Cesar Franck piano recital (S). 8.05 London Sinfonietta concert, part 1: Franz Schreker, Schoenberg (S). 9.00 My Only Province. 9.30 London Sinfonietta, part 2: Berg (S). 10.05 Songs by Brahms, Schumann and Schubert (S). 11.00 News. 11.05-11.15 Sasals and Cartot play Beethoven.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather. 9.00 News. 9.05 Tuesday Call (Healthy Eating). 10.00 News. 10.02 From our own correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Detective. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour Visits India. 3.00 News. 3.02 Bleak House, by Charles Dickens (s). 4.00 Ebdon's England. 4.15 Hammond's Ireland (s). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Brain of Britain (s). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Animal Language (s). 8.20 The Fall of the Shah. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Semi-circles with Paula Wilcox and David Wood. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE ARTS

Covent Garden

La Bayadère

by CLEMENT CRISP

When the Indian warrior, Solor, enters the kingdom of the shades in *La Bayadère*, he is the quintessential Romantic hero. Like Albrecht, he is tormented because his faithlessness has caused the death of the woman he loves: like James among the sylphs, he encroaches in a dream-world of impalpable beings. Unlike those earlier examples, though, the scene is one imagined by the hero: in an opium-trance he, and the choreography, explore his longing for forgiveness. Natalya Makarova writing in her *Dance Autobiography* observes: "Nikiya seems to incarnate Solor's suffering, his pangs of conscience and anguish for his thwarted love."

As Solor on Saturday night, Wayne Eagling brought just this sense of morbid ardour to has characterisation and dancing. The physical image was strong, clear, with a brave sweep of limb and soaring energies to the first solo, and with a stillness and concentration in pose — and some cinematic "Hinduisms" in gesture which are entirely apt — which tell us of a role fully comprehended. (The Royal Ballet ought to acquire the full-length ballet in Makarova's very intelligent version: it provides magnificent challenges for a big company at every level).

Mr Eagling has those qualities of fantasy in temperament and dance-manner which Solor requires; if, technically, his variation in the coda was less startling in its drive and emotional extravagance, this is a matter to be corrected in further performances. His interpretation was, I thought, proud, grand, serious.

Merle Park was a light, faultlessly musical Nikiya; Bryony Brind and Ravenna Tucker repeated their delightful accounts of the first two Shades solos, while Laura Connor presented the third variation with vivid intelligence. I do not understand, though, why the company of Shades—who are serene in expression when they enter, as befits ghosts summoned up in a troubled dream—must grin brightly throughout the allegro coda which precedes the final solumn grouping. It is surely possible to dance to fast tempi without behaving as if trapped in a Massine comedy.

The Two Pigeons completed the evening, in a lively performance not seemingly disturbed for its artists by a bomb-scare which had us massed in Bow Street for 20 wind-nipped minutes between its acts. Stephen Beagley, who danced the young painter in the Royal Ballet School's graduation performance of *Pigeons* in 1975 with extreme though very youthful charm, returned to the role in excellent style. I have never before sensed so clearly that the young man might indeed be an artist and not a youth playing at painting in a Parisian garret.

Mr Beagley's lean, strong dancing; his eagerness to be off into the wide world, and his contrition when he returns, were thoughtfully and well done. Karen Paisey was the deserted love, bringing a combative vivacity to the first scenes. A natural and unforced actress, she touched our hearts when she was abandoned, and was all tenderness in that beautiful, still duet which reunites the lovers. Fiona Chadwick and Anthony Dowson were an energetic gypsy couple, but I wish there were some way to cure the passers-by at the start of the second act of what seem the symptoms of terminal funny-walking.

Crucible, Sheffield

Golden Boy

by ROSALIND CARNE

America's Group Theatre of the *1930s* brought together writers and actors, disturbed by the reality of poverty and the shadow of fascism. Among them was Clifford Odets, who quickly steeped himself in the political ideology of protest and the theatrical ideology of The Method. Drama was to present real life, however bleak, and its interpreters should draw on their most intimate experience.

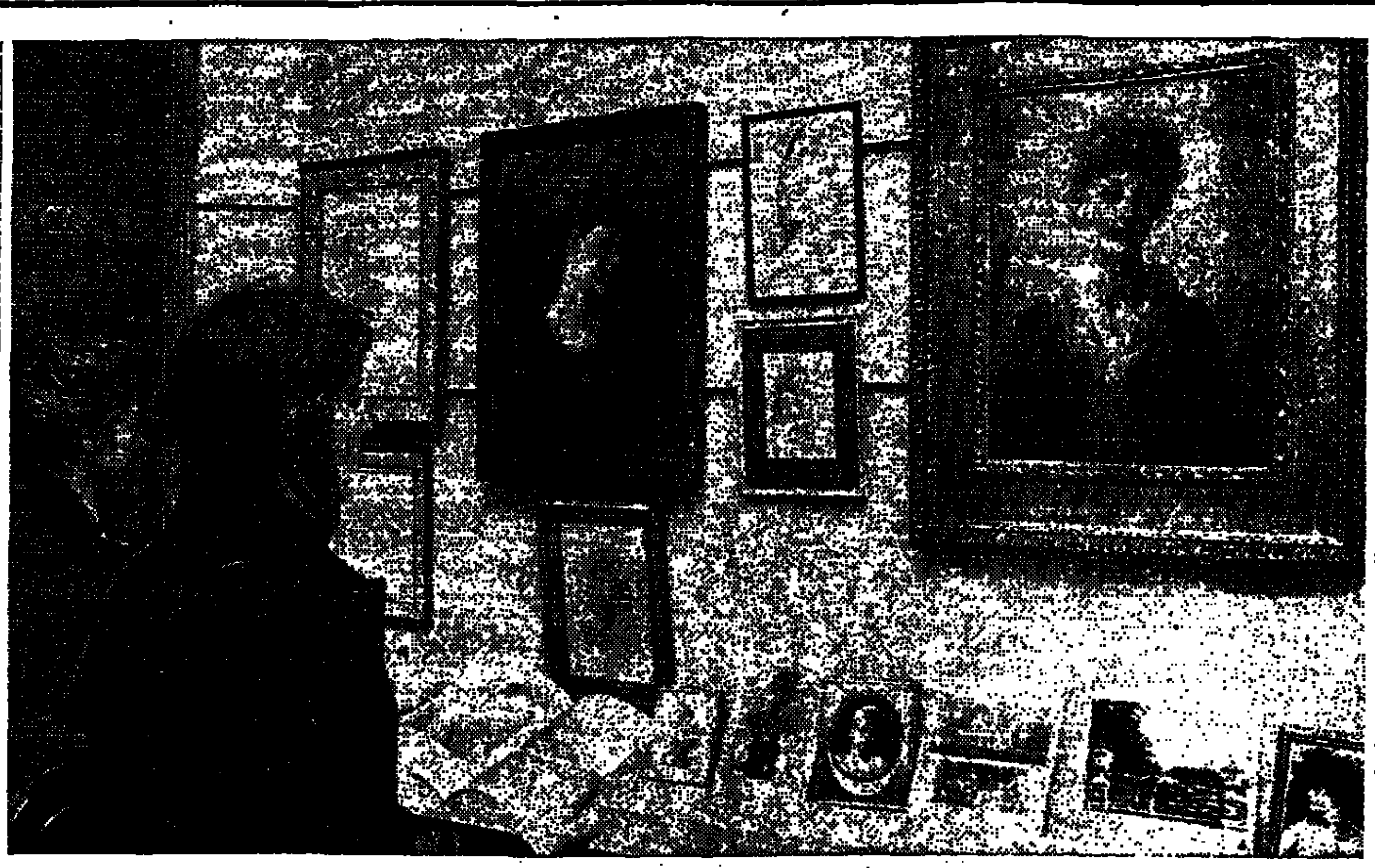
Odets wrote *Golden Boy* in 1937, when he had already made his name with *Waiting for Lefty* and *Awake and Sing!* He had also made a considerable amount of money by script writing in Hollywood, and the play is both an exorcism of conscience and an admitted attempt to produce a popular hit.

A promising young violinist, Joe Bonaparte, rejects his musical vocation in order to pursue riches and stardom as a professional boxer. The scenario is as unlikely as it is, frequently, corny. Tear-jerking scenes smack us crudely in the eye, like the moment when Joe picks up his birthday present, an expensive violin, and returns it to his anxious and devoted father. "You're looking at yesterday—I see tomorrow," he tells the old man.

If the end is tragedy, it feels more like the tragedy of ingenuity than of fate. Nevertheless, this revival is welcome, though it works better if the audience overlooks the heavy-handed message, concentrating rather on the luscious dialogue, and on the way in which it encapsulates the mood of a time and a nation. According to the critic Eric Bentley, Odets visited bars in the Bronx taking notes of what he heard. His pains were rewarded in a marvellous range of U.S. immigrant slang.

Clare Venables' production is her first in the main auditorium since she took over this theatre's directorship last year. She has scored a success, if not a triumph, with the help of imaginative design from Roger Glossop. Stage machinery wheels in a boxing ring, the manager's tatty office, the bar front of the Bonaparte home, and even a pair of horses on a carousel. Thundering sound and flashing, fretted, lights conjure a passing train or the roaring freeway. In the surrounding area, smoke puffs out of manholes on shiny, rain-doused streets.

Effects threaten to swamp the playing but the performances are beautifully enmeshed and paced, even if some individuals fail to convince. Terry Taplin is Tom Moody, Joe's manager, and he touches us to the quick, his briefest asides stemming from a seething sub-text of disappointed hopes. Michael Mueller, as Joe, grows in stature with the character. Like many young actors he is more comfortable with flamboyance than with private turmoil, though his difficulty is in part a reflection of the inadequacies of the personal in contrast to the public territory of the script. Kenneth Alan Taylor has similar limitations as the father—fine with the grand gesture, less certain with the minutiae of feeling. Ditto Janet Spencer-Turner who carries the love interest as Lorna Moon. John Levitt and Lill Roughley make a charming comic duo as Joe's down-to-earth sister and her Jewish husband.



Two portraits of Violet, Duchess of Rutland by G. F. Watts, 1879

Bury Street

A Victorian period piece

by DAVID PIPER

Edith Wharton wrote of a party at Taplow Court, some time, I suppose in the 1890s—"We found scattered on the lawn under the great cedars, the very flower and pinnacle of the London world. Mr Balfour, Lady Desborough, Lady Anne Poynder, Lady Elcho, John Sargent, Henry James and many others of that shining galaxy." Strange to think that Henry James could be scattered, but the party described is redolent of opulent leisure. The quotation comes from the catalogue of the exhibition, "The Souls," that Jane Abdy and Charlotte Gere have compiled at the Bury Street Gallery.

"The Souls" were a group, the flower and pinnacle indeed of a certain exalted region in London society — towards the turn of the century. It included some men who have left an enduring mark on English history—notably Balfour and Curzon—but the sparkle was feminine—social, artistic, literary rather than political — the settings provided by some of the great hostesses of the era: Lady Desborough, Lady Elcho, the Duchess of Rutland, Margot Asquith.

The focus of interest in the little show in Bury Street is provided by the images of the women, even though they are grouped about Alma-Tadema's large, almost spaniel-eyed and indeed soulful portrait of Balfour. A more unlikely Prime Minister it is hard to imagine. The women included one artist of considerable talent—Violet Duchess of Rutland. G. F. Watts found her beauty irresistible (three of his paintings of her are in the show), and there is a drawing of her by Queen Victoria, signed and dated at Balmoral 1897.

Her own style however reflected that of Burne-Jones, and the delicacy of her portrait drawings, frail as silver point but floated on to the paper with a most professional precision, is comparable in quality. The composite feminine image conveyed is somewhat private, pensive, wistful, admired. The more public aspect though—reflecting the vitality that fired those parties in the great houses at Taplow and Mells and elsewhere—is reflected with dashing drawings by Sargent, one of Margot Asquith, flash of teeth in a flurry of blouse and puffed sleeves, and one of Lady Desborough, coiffure crowned with the crescent moon of Diana the huntress, head carried with insouciant hauteur on the slender neck. Even Sarah Bernhardt, visiting, in a very rum drawing by Graham Robertson, proffering a pale sharp profile and a voluptuous haunch.

"The Souls" is not intended as an exhibition of high art. It is, rather, an evocation, a period piece. The echo of a long-dispersed party, such as that Edith Wharton saw under the great cedars at Taplow. It uses photographs, including old views of the houses involved, some sculpture, in nicely casual profusion to evoke this echo: it should not be missed by anyone interested in that high summer of British imperial society, all the more nostalgic in hindsight, with the knowledge of the tragedy that 1914-18 was to inflict on the children of the characters that are summoned up so vividly here.

A few yards further down Bury Street, witness to the apparently inexhaustible variety of mood and quality that West End galleries still seem able to provide, something completely different. A rare homage to one of the great but now somewhat neglected figures in French landscape painting of the 19th century, Theodore Rousseau.

Rousseau's name is registered as the major figure of the Barbizon School, but I suspect his work—not common anyway in public collections in Britain —is not much looked at by the general public. Even though, like some of the most glamorous revolutionary artists, rejected over a long period by the Salon, he can appear to English eyes, preferring Constable, a little tame. The show at Hazlitt, Gooden and Fox (till April 8) has come from a first showing at the Sainsbury Centre at Norwich, and is provided with a very thorough catalogue, and an erudite, rather stern, introduction by Nicholas Green based on a most carefully reasoned appraisal both of Rousseau's relation to his own period, social and artistic, and of the conventions that have controlled later generations' estimates of him.

Several factors obstruct ready recognition of Rousseau's stature—notably, that in black and white reproduction his work can lose all its vigour, his delight in rough or sombre weather become merely lowering, while in his large compositions his liking for dark tones did not take account of the fact that in time, the darks get darker while where they have been endowed with ephemeral glowing depth by bitumen, they will curdle, irrevocably opaque. His work that has appealed to modern collectors are the small vistas that have much of the lucid clarity of early Corot.

This show, drawn from British collections, confirms the Hazlitt Gallery's long-standing loyalty to Rousseau; although showing very few large paintings, the variety demonstrated within the painter's work is very striking and is emphasised by the structure of the catalogue, grouping the exhibits to bring out specific facets of Rousseau's practice. For the asethete, this may lead to some difficulty at first viewing, as quality seems not always the prime criterion in the choice. Interest in a painting or drawing as evidence of a characteristic trait of production may outweigh considerations of its success or failure as an object. Thus the exhibition becomes 'raisonné' in a more rigorous fashion than most, but as such, very rewarding to the serious viewer as he gets to grips with it.

I see that may suggest a rather dour impression, but there are paintings enough and to spare to lift anyone's heart at first startled sight—from the early oil-sketch on paper of a cascade of water from a mill pool, handled with almost furious freedom, to shining examples of those small Corot-like panoramas; there are splendid explosions of dirty weather, and contrasting serenities of the most beautifully resolved rural meditations (the marsh in the Landes—lent by Aberdeen), or the even more astonishing consideration of a farm gate, standing lonely in the plain at Chailly and assuming a presence as if a monument of a whole civilisation.

Albert Hall

Berlioz's Requiem

The Royal College of Music launched its centenary appeal on Sunday with the *Grande Messe des Morts* of Berlioz—not, on the face of it, quite the best omen, but apt for displaying the college's orchestra and chorus under its director, Sir David Willcocks. They were joined by the Bach Choir, and fraternal extra brass from the Royal Academy of Music (not to mention the Prince and Princess of Wales). Robert Tear sustained the tenor solo of the "Sanctus" bravely, making it the high point needed in the second half when the requiem is divided by an interval.

In the notoriously tricky brass eruptions of the "Dies irae" and "Rex tremendae" the young players distinguished themselves by confident attacks and rhythmic precision well above the norm, and the results were properly thrilling. The voices were uncommonly well tuned; a little iron in the tone was missed at some entries and, in fact, the attractive freshness of the choral sound compromised many sombre passages. Willcocks' tempi were consistently right, allowing more room for crisp colour-contrasts than for human drama. The last lines of the "Dies irae," for example, sounded positively blythe, as if the apocalyptic terror just revealed had left no mark. In the "Offertorium" the endless two-note chant—the obsessiveness has a point, and isn't just a musical experiment — was delivered frankly and openly, like an exercise.

There, at least, the orchestra proper could be heard and admired. From where I sat at the feet of the violins, it paled more often against the massed choir and their brazen cohorts. But the Albert Hall remains one of the best venue for Berlioz expansive masterpiece, and the chief satisfactions of this performance — accuracy, alertness, true pitch, lively colours—were resounding ones.

DAVID MURRAY

Covent Garden

Eva Turner

by RONALD CRICHTON

The week of Dame Eva Turner's 90th birthday came to a rousing climax on Sunday night at the Royal Opera. Opera stars past and present, representatives of the drama and entertainment world and a packed house gathered with the Royal orchestra under Sir Charles Mackerras and John Barker to honour music's new nonagenarian. The accent was on the present as much as the past. Eva Turner's singing career glided imperceptibly into teaching a few years after the war and her final Covent Garden Turandots. She stayed in the U.S. for ten years and then returned to teach in London, becoming and remaining very much part of today's musical life advising, judging, encouraging, discriminating, being firm, forthright, full of North Country common sense, unfailingly warm-hearted and generous.

Sunday's celebration began with the lights lowered and the great, unforgotten voice raising the rafters once more with the recording of "In questa reggia," at the end of which Turandot in person appeared in a spotlight at the front of the ceremonial box. Then Sir John Gielgud sped the proceedings on their way. Sir Geraint Evans roared lustily, with faultless timing, through Falstaff's Honour monologue, despatching his billet-doux to the Dame in the box. There were references to Turner's repertory, with excerpts from Turandot by Valerie Masterson (who is clearly going to spend much of her career singing Liù) and Charles Craig, and from *Ballo in maschera* and *Aida* worthily, and I mean worthily, sung by Pauline Tinsley—Turandot may have been Turner's most famous role but Aida, though less spectacular, is longer, more thoroughly demanding, and fully human. Nothing effaces memories of summer *Aidas* at Covent Garden before the war with Turner and Stignani and Martinelli or Gigli. . . .

Hinge and Bracket (with orchestra) allowed us to hear a scene for heroine and confidante from act 8 of their new opera, whose title I seem to have mislaid. Dr Evadne seemed shy, even dubious, about the big house but Dame Hilda let fly—she could give our churchier and mousier countertenors a lesson or two in projection. John Tomlinson supplied "Madamina" from *Don Giovanni*. The surprise was an excerpt from the last act of *Butterfly*, with the Suzuki-Pinkerton-Sharpless scene lead-in to the "Addio, fiorito asil," excellently done by Josephine Veasey, Dennis O'Neill and Delme Bryn-Jones. Puccini's quick strike stands him in good stead on such occasions.

There were spoken tributes from Sir John Tooley, Tito Gobbi, Lord Miles, Ljuba Welitsch, Constance Shacklock and the inimitable Edith Coates. Heather Harper was ill and could not appear, likewise Dame Alicia Markova, who sent a message. It seems entirely fitting that the evening should have been suggested by Youth and Music and Sir Robert Mayer. Young and old alike have left Dame Eva in no doubt regarding the affection in which we hold her.

Elizabeth Hall

Andras Schiff

by ANDREW CLEMENTS

Mr Schiff's penchant for lengthy recitals ensures that his audience gets plenty of music for its money, but whether a more concentrated programme might not make for more memorable performances is worth considering. No one could complain of the quality of the music in his recital at the Elizabeth Hall on Sunday afternoon: two Haydn sonatas separated by the same composer's F minor variations in the first half, Schubert's *Moments musicaux* and the Appassionata Sonata in the second.

Yet the performance of the first Haydn sonata, in C major Hob. XVI/50, really gave a full prospectus of Mr Schiff's attitude to the composer. It is refined, yearning to be aristocratic; but the effect is more often precious and pedantic. To repeat both halves of the sonata's first movement was admirably literal, but the result made the work seem top heavy; and to crimp and curl each phrase gave the music a specious elegance, quite divorced from its down-to-earth good humour of much of the writing. So the E flat sonata Hob. XVI/52 went in much the same way, the first movement palpably diminished in impact by its fussy presentation, while the F minor variations were cleanly controlled, without any sense of engagement or profundity.

Surprisingly the emotionally more complex music in the second part of his recital found Mr Schiff less self-conscious and more convincing. There were still some unnaturally slow tempi in the *Moments*, some pauses between sections that disrupted continuity, but the A flat Andantino conjured a comforting calm and the crushed notes of the third in F minor, gave the music the subtlest of forward impulsion, a view quite in keeping with the movements around it. Only in the final Allegretto did the slowness of the approach spoil the total effect.

If there are elements in his playing, too, which would seem at first sight inimical to a comprehensive understanding of the Appassionata Sonata, they were kept out of the way for large portions of the performance. A self-important (rather than generous) presentation of the main theme of the first movement spoilt something of its clean-cut appeal, and the variations mistook guarded, monochrome tone for rapt intensity. The finale was superficially exciting, with never a suggestion of real, physical commitment.

'Good' to re-open the Aldwych

Michael White will present the Royal Shakespeare Company's production of C. P. Taylor's play *Good* at the Aldwych Theatre, opening on Thursday April 22 with previews from April 20. Alan Howard will repeat his award-winning (best actor, *Evening Standard* Drama Awards, *Plays and Players* Awards and London Drama Critics' Awards) performance as Halder, and the rest of the cast will be members of the RSC.

Good will be the first play to open at the Aldwych Theatre under its new American ownership. It will be directed by Howard Davies and is being presented for a limited season of 12 weeks.

F.T. CROSSWORD PUZZLE No. 4,823

ACROSS

1 Photographer breaks a horn (11)
7 & 28 One who takes cover in front of a hill (6)
9 A soldier going to Los Angeles for eaglewood (5)
10 Discover a blemish in Shakespeare's critic (4-5)
11 Telephone receiver to shut off completely (4-5)
12 Gather herb around church (5)
13 Spiteful woman's aim, seen in the road at night (4-3)
15 Colloquially an American jerk (4)
18 Work with nought but drink in return (4)
20 Eagle or possibly one rail (7)
23 Sudden fright in grass? (5)
24 Counteracting technical soldiers, passing on (9)
26 Old professional combatant is pleased I returned rota (9)
27 Swallow Shakespeare's spirit of the air (5)
28 See 7 Across
29 Initially great stargazer or epicure (11)

DOWN

1 Counterfeit diamond, but a national emblem (8)
2 A tale in a mess could be withdrawn (8)
3 Type of joint in a muffler (5)
4 Crime of a receiver (7)
5 Irascible German article in very small cover (7)
6 Testimonial from judge around North Carolina (9)
7 Cooks first mid-day meal in tough clay (6)
8 Her pot gets overturned and makes a choking smoke (6)
14 Eagerly anticipating, excepting two small reversals (9)
16 Chinese custom sounds almost like misanthropy (8)
17 Fisherman is left to laugh about it (8)
19 A very high-flying aeroplane would pass over this sheet of cloud (7)
20 Lover who could be wrongly married (7)
21 Species I acquired from vent controller (6)
22 A French trade show that's inequitable (6)
25 Take the last drop in exhaustion (5)

Solution to Puzzle No. 4,822

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Tuesday March 16 1982

The threat to world trade

THE RULES governing international trade are under threat. Governments of industrial countries are treating their commitments under the General Agreement on Tariffs and Trade (GATT) as irrelevant or unrealistic. The drift towards bilateral deals to protect this or that industry is undermining the principles of international economic co-operation on which the progress of the last 30 years has been based.

In these circumstances it is encouraging that the GATT itself and its director general, Mr Arthur Dunkel, are taking an increasingly outspoken and uncompromising line in defence of free trade. In a speech in Hamburg on March 5 Mr Dunkel analysed the problem in terms which we wholly endorse. Governments must take note of what he said.

Mr Dunkel began with a reference to the Multi Fibre Arrangement (MFA). He accepted there was no sensible alternative to renewal of the MFA in December; failure to do so would have involved disruption and uncertainty going far beyond the textile sector. "We have to recognise," he said, "that the MFA is a negotiated derogation from the basic law of international trade. It allows the main principles of the GATT to be ignored in a crucially important sector of world trade."

Crisis of confidence

The MFA is sometimes seen as an unique but unavoidable exception from the rules. In recent years one sector after another has been subjected to special protectionist arrangements—the so-called self-restraint and orderly marketing agreements, which differ from the MFA in being bilateral and outside the rule of law.

Instead of considering national trade policy globally, by reference to simple rules of general application, governments are adopting a series of discrete sectoral trade policies which, "being laboriously negotiated first between the government and each industry lobby, and then between the government and each exporting country, do not lend themselves to co-ordination. Economic efficiency is lost at every stage, for the purpose of these arrangements is to frustrate the market in its function of allocating resources efficiently. They represent a collapse of confidence in the ability of our economies to adjust to competitive pressures and in the ability of governments to co-operate for the common good."

The tendency towards bilateralism and sectoralism, in Mr Dunkel's view, is the greatest danger to order and prosperity in the world economy. "When commercial policy is conducted on a sectoral basis, the interaction between industrial lobbies and national administrations makes an eventual return to liberal trading extremely difficult. To take away a privileged position is always more difficult than to refuse it in the first place. It is more likely, as bureaucrats identify with the interests of their industries, that restrictions will be tightened."

Foreign debt

Both bilateralism and sectoralism are implicit in the current drift of U.S. trade policy towards "reciprocity." Legislation is now being proposed in Washington which would give Congress the right to apply sanctions against particular products from a particular country if such a country was deemed to be raising trade restrictions against the U.S.

A further consequence of both tendencies is to upset the balance between the industrial and the financial side of the international economy. Countries with heavy foreign debt must be able to export if they are to service their debt without cutting back imports. After the 1973-74 oil crisis exports from industrial to developing countries were the most rapidly growing element in international trade. The expansion was possible because at that time developing countries were able to borrow from the highly liquid international capital market. The level of foreign debt is now very high, as are real interest rates. The indebtedness can be sustained only by a continuing, if not accelerated, expansion of trade. But in 1980 and 1981 the growth of trade has been slowing down.

Domestic effects

Mr Dunkel is rightly scathing about suggestions that the GATT rules have become obsolete in the face of contemporary problems. "When people say that the rules of GATT have become ineffective, they are only saying that the rules are not being observed. Mutual accommodation is thought to be easier through private arrangements in which GATT commitments are politely ignored. Such arrangements, viewed individually, may be easier in the short run and for the short run only. But they create precedents: the relief granted to one industry is difficult to deny to another."

Agreed rules for international trade have far-reaching domestic effects. They are the element which secures the co-ordination and ultimate compatibility of purely domestic economic policies. They form the basis by which governments can secure an equitable and efficient balance between producers and consumers, between export industries and import-competing industries.

The central problem is not that governments see a conflict between the GATT system of law and the national interests of their countries, but that these countries are no longer willing to make the continuous adjustments which the system demands.

Equal place

The GATT system is not an abstract ideal, nor is it a fair-weather arrangement which can be dispensed with when times are bad. We believe that the re-establishment of the multilateral principle of free trade is a vital necessity if the soundness of the international economy is to be restored and if the developing countries are to feel that they have an equal place in that economy.

A GATT meeting of trade ministers is scheduled to take place in November. It will not be enough for these ministers to voice allegiance to GATT rules and then continue with the trends Mr Dunkel has discussed. The aim of the meeting must be to ensure that countries, when they face trade problems, turn first to reinforce GATT procedures, not to deals or arrangements outside the GATT framework.

POLAND'S ECONOMY

The army's bleak legacy

By David Buchan and Christopher Bobinski in Warsaw

GENERAL Wojciech Jaruzelski has marched soldiers up to the top of the hill, and someday, somehow, he is going to have to march them down again. Poland will not stay a military state for ever—a combination of domestic resistance, western pressure and Soviet ideological distaste for a situation in which the Communist Party has been forced to play second fiddle will probably see to that. But with the country so divided politically and a debt-racked war economy to be administered, it is impossible to predict when the end to martial law might come.

General Jaruzelski's Poland today abounds in contradictions. Nearly 4,000 people are still held as political prisoners without trial. Yet some internees get weekend parole.

Step off central Warsaw's military-patrolled streets and into the cathedral, and you can scarcely miss the placard of the illegal Solidarity movement placed prominently atop Cardinal Wysynski's tomb. The police roam freer and monitor telephone calls. Colonels sit, irrelevantly, in on sociological institutes. But in some key factories not a single soldier or policeman is to be seen. The Government is launching market-oriented "economic reforms"—at the very time it is drawing, or being pushed, closer for help towards the biggest centrally planned economy of them all, the Soviet Union.

Part of the contradictions stems from the Jaruzelski Government's belief that some half-measures will now suffice because it has won half its battle. Overt opposition has been cowed (though underground Solidarity broadsheets proliferate).

But the second half of the battle ahead of the Jaruzelski regime will be far tougher: how trade union activity "sterilised" of Solidarity's political overtones may be resumed, and how to reverse Poland's catastrophic economic decline.

The trade union issue is now a matter of raging debate, between conservatives and liberals, ideologues and pragmatists, and because its outcome affects the fate of Mr Lech Walesa it is of great concern to the 8m former members of Solidarity. But it is on the economy that all 36m Poles will base much of their ultimate judgment of the soldiers in power.

The prospect is very bleak. Hamstrung by mismanagement from the Gierek era, with huge foreign debts, and hit by western trade and credit sanctions, Poles face a drop in their standard of living for the fourth successive year. National income fell 2 per cent in 1979, 4 per cent in 1980, 12 per cent last year, and 3-4 per cent this, according to the Finance Ministry's conservative estimate. It is as though the country had been kicked down an unending flight of stairs.

Soviet leader Mr Leonid Brezhnev and Poland's General Wojciech Jaruzelski: for the moment, the military authorities' strategy is simple survival—the economy's and their own, for the two are wound up together

The one brighter spot in the dreary landscape is the mining sector: copper, sulphur, and particularly coal, the "oxygen" of the Polish economy as officials like to say. Coal output was 14.4 per cent up in January/February over the same months in 1981, and there is talk of 20m tonnes being available for desperately needed export this year. The turnaround comes despite the Solidarity loyalties of the miners (who bore seven of the 10 officially admitted deaths in the disturbances following December 13), and is partly due to the fact that the mines have been militarised and put on a six-day week. But even the general in charge of the mines has warned that the current pace of extraction may fall later this year because of equipment and maintenance problems.

Manufacturing industry, grown acutely dependent in the 1970s on imported machinery and components from the West, has been terribly hit. Imports from the West so far this year are running at almost 50 per cent below the level a year ago and this is even before western trade sanctions had time to bite. The military authorities admit they underestimated the import dependence of the Polish economy, and thus the impact of sanctions.

The Gierek strategy had so neglected diversification of the domestic economy that, for instance, Poland's entire production of tractor and car fanbelts is now jeopardised by the loss of a mere $50,000 worth of a rubber-hardening chemical from France.

With only $150m in reserves left, no new western trade credits and the old ones running out, imports may be cut in half this year. This would reduce national income by as much as 20 per cent, according to one study here. However, this assumes no import substitution nor any extra aid, from the Soviet Union for instance.

In fact, the Jaruzelski Government has attempted, with mixed success, three things:

- To put the economy on a war footing;
- to appeal to the Soviet Union for help;
- to split the western ranks on sanctions.

Fourteen "priority programmes" have been demarcated (basically food, some clothing, energy, transport, and vital export-earning industries) to get first call on scarce resources. The result is of course that every manager is trying to get his factory into one of the priority programmes. The upshot is that the priority area is roughly 40 per cent of the economy, debasing the whole idea. It is also a race against time, because of the damage done to the remaining 60 per cent of industry left to fend for itself.

The basic aim is . . . indicative planning as practised in Hungary and even France, rather than Soviet-styled direction

The appeal to Moscow has not been answered in hard currency. Last year the Soviet Union lent Poland $465m, but with its own growing currency needs, it evidently feels no inclination to repeat that this year. Instead, the Russians have accelerated shipments of raw materials, such as oil, cotton, iron ore, metals and have extended credit. Over the longer haul, the Soviet Union is proposing to keep Polish employment up by placing specific orders with Polish plants, and possibly to try to finish some projects started by western companies.

By a January 1982 protocol, the Soviet Union had agreed to let Poland run a deficit equivalent to $1.6bn with it this year, but with new agreements reached before, after and during General Jaruzelski's recent trip to Moscow, it looks like being much larger.

It is a generous offer, reflecting the Soviet priority of politics over economics, but it carries a price tag. As a director at the Warsaw Foreign Trade Ministry said: "It would be naive to believe that we could run big, long term deficits with our socialist partners." In other words, it is not just a question of Poland importing more from the East to continue exporting to the West (to pay debts off). At some point in the not-too-distant future, Poland will be expected to repay with more exports to the East. Poland sent 57 per cent of its exports to Comecon partners and drew 62 per cent of its imports from there last year. Both figures will increase.

Poland has not been entirely passive in waiting and hoping that western governments and banks will break ranks to do bilateral deals, either rescheduling debt or granting new credit. It has harped on the West's self-interest in giving Poland a financial breathing space, so that Poland can import more for its exporting industries. It has also been reminding governments and banks in the West that those who help Poland now will be "remembered favourably in the future," and vice versa.

So far Warsaw's blandishments have had minor effect. Austria, Finland, Greece and Turkey are now disposed to continue business virtually as usual. The only major crack in sanctions has been the French and Canadian decision to go on selling Poland grain this year on credit. This is important, given the military authorities' "unpleasant surprise" that Poland's farmers distrust them so much that they have been hoarding grain. Some 100,000 tonnes of this is said to have gone mouldy over the winter.

The bottom line of all this for western governments and banks is that, without new credits, Poland will not be able to pay all the interest on even a rescheduled 1982 debt. That interest amounts to nearly $3bn. The most optimistic estimate that can be found in Warsaw puts this year's hard currency trade surplus at $1bn. That still leaves $2bn, which can only come from new loans, says the Finance Ministry.

What makes many Polish officials so angry about the West's "economic blockade" is that they believe they are reshaping much of their economy in the West's image. They say there will be no return to the situation prevailing before martial law—not only politically, but economically.

Critics in Solidarity say the Government is being insincere about economic changes. But the words of Professor Zdzislaw Sadowski, a new deputy minister for economic reform—"Poland's economic problems are not just the result of policy blunders, but a failure of the central planning system itself"—are not far from those once uttered by Mr Walesa—"there is little point in carrying out repairs. We might as well get a new machine."

The basic aim is to make Polish industry more market-oriented and efficient, so that never again will it make such astounding misuse of imported technology as it did in the 1970s. The basic means is, in Professor Sadowski's words, to reduce central planning to setting strategic goals—indicative planning as practised in Hungary and even France, rather than Soviet-styled direction.

Briefly, among other changes this involves reducing the number of industrial ministries in the central government from nine to four and abolishing industrial sector associations that used directly to supervise enterprises. The new supervisors will be the banks which used to have an entirely passive role "like financial filling stations," but will now be able to give or withhold loans on their estimate of an enterprise's creditworthiness.

The other main thrust of the economic changes has been to reform pricing. The development that attracted world attention was the big food and consumer price increases of last February 1. Less noticed was the introduction a month earlier of a category of "free prices" which now govern around 30 per cent of retail items. But widening of the free price category is likely to be gradual.

Opposition to the reforms, however, is considerable. It comes not only from Communist Party conservatives who fear the political implications of economic pluralism, but also from central planning apparatchiks now done out of their jobs. The relevance of the reforms is highly questionable in the current war economy. New flexibility on paper is meaningless to Polish managers who are rationed on supplies and currency. Nor is it clear how the new reforms will mesh in with the orthodox central planning system of the Soviet Union towards which Poland is perforce drawing closer.

For the moment, the military authorities' strategy is simple survival—the economy's and their own, for the two are wound up together. Whatever happens on the political front, to Mr Walesa and Solidarity internees, to negotiations with the church and so on, it is hard to see martial law being voluntarily lifted while the economy continues to sink.

In a caption yesterday Dr Tadahiro Sekimoto was described as NEC chairman. He is in fact the company's president. The chairman of NEC is Dr Koji Kobayashi.

Men & Matters

Form of words

Oxford-educated Baroness Young has turned to Chrissie Maher, a Liverpudlian who could not read or write until she was 17, to help in her attempt to rid the Government's official forms of unintelligible Whitehall gobbledegook.

The exuberant Maher is co-founder (with Martin Cutts) of the Salford-based Plain English Campaign, which has been given a two-year contract by the Chancellor of the Duchy of Lancaster to advise on simplifying and improving the forms which civil servants have spent years in rendering obscure.

She will help in training courses in the preparation of forms, advise on design, and develop ways of testing forms before they are issued to the public.

Maher's interest in communication sprang from her own childhood difficulties. Though illiterate—"I seldom went to school!"—she got a job in an insurance office through sheer nerve and personality and rapidly repaired her broken education.

She has worked since as a design consultant and freelance journalist. But what began as part-time social work has gradually taken over as her main occupation.

With a grnat of £20,000 from Littlewoods' John Moores, she started a community print shop in Liverpool, went on to publish a local newspaper (which Cutts edited) for people who had difficulty reading, and founded PEC three years ago.

Maher publicised the campaign by shredding offending forms outside the House of Commons but was soon working with Government Departments and councils to improve their documents.

She has no illusions about the size of the task she faces. "But just a little more simplicity will save so much time, trouble and money," she says.

On the record

I bring more news of the battle against verbiage and official convolutions. This time, it comes from the Glasgow Hillhead by-election campaign, where the local Labour Euro-MP, Janey Buchan, has been taking a gleeful swipe or two at the Brussels Eurocracy.

She delighted her followers by bringing to light two of the Commission's more obscure ruminations. One was a report on the noises carried by domestic appliances, which included a diagram showing how to hold an electric carving knife to reduce noise and avoid disturbing neighbours.

The other was a Commission report on the Irish classical record industry. It was not until Page 16 of the tome that it became clear that Ireland had no classical record industry. No Irish joke intended, I fear.

Miracle builder

Rome wasn't built in a day, or even a day and a half, as architect Gerald Murphy will tell you.

For Murphy will be racing against the clock to convert Wembley stadium into an open-air cathedral for the Pope and 82,000 people when he visits London in May. And he will have only 36 hours in which to do it.

Murphy, himself a Roman Catholic who has designed church biuldings in the past, is to create a 44-ton podium from which the Pope will celebrate mass. The problems of providing the best view for the congregation and protecting the Pope from Britain's habitual drizzle are all easy meat for Murphy.

But his main difficulty stems from the fact that the Pope's visit comes uncomfortably close to Wembley's other great event of the year exactly a week earlier.

"Because of the FA Cup Final on the Saturday before, and the possibility that there might be a replay on the following Thursday," Murphy explains, "we can't get access to the stadium until late on Thursday night. This gives us just 36 hours — 24 of which will be in darkness — to transform the stadium".

I would not be surprised if Murphy spends much time between now and May praying for a Papal miracle.

Camel coming

County Hall, increasingly regarded as one of London's more expensive local government white elephants, will be visited by a camel today.

The camel will be carrying a petition signed by thousands of Londoners calling on the Government to review the cost of the GLC and Inner London Education Authority and put an end to waste and duplication in the capital's local government. The petition will later be handed to Margaret Thatcher in Downing Street by a deputation led by Shirley Porter, chairman of WARS — Westminster Against Reckless Spending.

Porter says a camel is a very apt symbol of the situation faced by London ratepayers who have carried, without option, the burden of GLC spending in the hope that the camel master would show some intelligent respect for how much they can bear. But the latest GLC demand, representing an 86 per cent increase for Westminster ratepayers alone, "could well be the straw that breaks the camel's back," she says.

Presumably the camel will have to be of the double-humped variety—one for the GLC, average rate up 94 per cent for 1982-83, and one for the ILEA, its charge on ratepayers rising 13 per cent to 71p.

The GLC and ILEA have a combined total budget of about £2bn—more than the gross national product of many a country whence the camels come.

Sad story

Reuter, 08.06 hrs, Tokyo: Japanese wholesale price index rose 0.5 per cent in February, Bank of Japan sad.

Observer

THE RATES BURDEN

Another swoop on Hackney

By Robin Pauley

IN THE 18th century Dick Turpin, the notorious highwayman, made many of his most lucrative swoops on the wealthy gentry and travellers around the Stamford Hill area of Hackney, regularly fleeing to a hide-out in the oft-flooded Hackney marshes.

Today it is Mr Michael Heseltine, the Environment Secretary, whose photograph hangs on the wall of the council leader's office with the bold caption: "Wanted For Acting Illegally." This refers to a recent successful High Court action brought by a number of London boroughs against Mr Heseltine for withholding money from them for allegedly overspending when he had no powers to do so. It also reflects the feelings of the leaders of areas such as Hackney, which have long since fallen from grace with the wealthy into the depths of urban deprivation and social difficulties, that the present Government is robbing them of much-needed resources.

Unlike many London boroughs, Hackney is not the home of a professional football team. That is probably just as well. "We are top or bottom of all the wrong leagues as it is," Mr John Kotz, leader of the council, said gloomily. For example:

● 2.41 per cent of children under 18 are in care (inner London average 1.88);

● 7.13 per cent of over 75s are in residential care (inner London average 4.94);

● 18.9 per cent of adult males are unemployed, highest in UK except Northern Ireland;

● 26 per cent of the population was born outside the UK with unemployment rate rising fastest among black community;

● 14.7 per cent of children under 16 are living with only one parent, highest proportion in London after Lambeth;

● 8 per cent of women are out of work, highest in London;

● There are 9 per cent of households with more than 1 person per room, highest in inner London.

Hackney is faced with an extra problem this year, a crucial election year, in which the Social Democrats, and possibly the Liberals, are expected to make some inroads into a Labour stronghold. At present there are 57 Labour councillors, one Conservative, one Liberal and one SDP.

In fact, Hackney is cutting its rate bill this year by about 9 per cent. But ratepayers will have to read their bills carefully to find that out, for the total bill will be much higher than last year. That is because of the large increases demanded by the Labour-controlled Greater London Council and Inner London Education Authority. Both were warned in strong terms by other Labour authorities in London, including Hackney, that high GLC and ILEA rates could lead to disaster in the May 6 polls, only a few weeks after rate bills land on the doormat.

So, for the average domestic ratepayer in Hackney the local council part of his bill will fall from £175 in the current year to £159 for 1982-83. But the portion of the bill for the GLC, ILEA and Metropolitan Police, all outside the control of the local council, will rise from £230 to £300, a jump of more than 30 per cent. The overall average domestic rate bill will be nearly £460, compared with £405 this year.

Mr Kotz and Mr John Beha, the borough's finance director, despair of this situation. For Mr Kotz it underlines the difficulty of telling ratepayers what the council has been trying to do in the past year to restrain expenditure. For Mr Beha it emphasises the need for direct, separate billing from each authority levying a rate. "Whatever Hackney's members do, the ratepayers only look at the total amount to be paid and where it comes from is of little importance," he said.

But how has Hackney—a borough with more than its fair share of inner urban and social problems—managed a rates cut when it needed a 55 per cent increase last year? And why, in spite of this apparent and sudden onset of frugality, is the Government demanding a maximum 7 per cent cut in current expenditure from the council which was judged to be more or less on target last year?

The good and the bad news are contained within the extraordinarily complex and unfathomable new system of allocating Government grant to councils, the basis of which changes each year but still throws up results and contradictions which beggar belief. In the current year, for example, Hackney managed, with a great deal of pruning and the occasional moving of figures from one accounting column to another, to be within 1 per cent of the expenditure target set for it by the Government.

Ashley Ashwood

Mr John Beha, Hackney Council's director of finance (left) and Mr John Kotz, leader of the council.

Suddenly, the new calculations for 1982-83 put the borough so far off line that a cut of 7 per cent was demanded. This is the maximum asked of any council and is widely thought to be the maximum theoretical cut which could be asked without entering the realms of diminishing returns in terms of redundancy payments. "In practice it cannot be done. It is such an absurd demand, especially as we are on target this year, that we have decided to ignore the whole preposterous idea," Mr Kotz said.

Nevertheless, while maintaining its services and also planning a few new projects, Hackney is cutting its part of the bill. This is because:

● The change in the grant allocations in 1981-82 produced £2.5m more than expected for Hackney;

● Housing subsidy payments in 1981-82 were £2m higher than expected (and an election year is traditionally the year when all such "good fortune" reappears to subsidise the rate);

● Hackney had the highest rate increase in London last year (55.1 per cent) which included £5.5m for balances (partly needed because of uncertainty over the Government's plans and partly salted away with one eye on this year's election).

Both Mr Kotz and Mr Beha are critical of the Government's role in local government finance during the past two years. They feel strongly that the constant changing of bases, revised and contradictory targets and permanent "messing around" with the grant system is making local councils less rather than more efficient because they never know where they are.

"Planning ahead is wholly impossible. Housing allocations come late, the grant figures are late, grant is being adjusted almost weekly and just when you think everything is tied up, you find it isn't. They make the rules of the game; we fight and then decide to play. Half way through the first half Heseltine tries to move the bloody goalposts. It is hopeless," Mr Kotz said.

Yet Hackney seems to be trying hard to manage its affairs efficiently, although the council would not equate this with cutting expenditure. But the council has set up a policy and resources review committee which looks at all projects, new and current, and then double-checks whether they are really necessary within the financial constraints and list of priorities. It also operates a very tight manpower control with a 12 per cent running vacancy rate now built into the budgetary process.

That has considerably reduced the 1979-80 figure of 28 full-time council employees per 1,000 population (inner London average. 26) but leaves a lot of scope for more reductions before hitting the low (probably too low in terms of Hackney's service levels) of about 20 in Wandsworth and Kensington and Chelsea. Every request for a vacancy to be filled—whether it be for a street cleaner or a second-tier post—has to be signed by Mr Kotz. "It causes a lot of bleating but it works, has saved millions and exercises the minds of directorates over where their priorities are," he said.

However, Hackney's top two priorities remain its two most expensive services — social services and housing. The housing stock of 26,000 will be swelled to 43,000 next month with the unwelcome but legally enforced transfer of 17,000 properties from the Greater London Council. The council had the lowest number of housing starts since 1922 in 1981-82 because of Government cutbacks and has a housing waiting list of 10,000.

In spite of the protests of the Left, the council is putting rents up by the full £2.50 recommended by the Government, for two reasons. The average rent of £10.54, the second lowest in London, is significantly below the £14 paid for the average GLC property which Hackney is taking over and the proportion of the Housing Revenue Account paid for out of rates (ie a rent subsidy from ratepayers) is 38 per cent, London's highest. Anything under a £2.50 rise and the consequent grant loss could well have led to the disapproval of the district auditor and a surcharge for councillors.

A new priority, fast growing in importance, is the improvement of the borough's economic base. With successive post-war governments encouraging the young and skilled to move out of the cities and the drift of industry to greenfield sites, urban factory areas like Hackney are in trouble.

The problem is clearly recognised by the Government. Hackney is one of only six "partnership" authorities—the most deprived areas—and so qualifies for substantial Government aid. (Ironically, this aid has been consistently responsible for tipping Hackney's spending into the "overspend" penalty box.)

The council has nominated some internal industrial development areas and has established with commerce a Hackney Business Promotions Centre to encourage small business to start up. This is already bearing fruit in a part of Shoreditch where small start-up workshops are now operating. The borough also staged an industrial exhibition last year which was enthusiastically welcomed by commerce and industry and is to be repeated this year together with Tower Hamlets and Islington. Hackney is also trying to establish itself as a growth area for the microcomputer industry.

Lord Bellwin, junior Environment Minister, is sympathetic to Hackney's self-help efforts to better its economic base. Yet partnership projects and money have been delayed time and again.

"Certainly Lord Bellwin understands what being a desperately deprived borough means but the Government in general does not. Now the 1981-1982 partnership money is being released and is flooding in but we have only four weeks of the year left to spend it in. It is simply mad," Mr Kotz said.

Lombard

The right to reply to the Press

By John Lloyd

FOR THE past decade, the Press, and to a lesser extent the broadcast news media, have been under sharp and more or less continuous attack from trade unionists, and labour politicians and activists—especially those on the left of the movement.

A small academic industry has formed round that branch of sociology which is called "media studies," much of which — especially the more polemical—seeks to show that the Press and broadcast media are broadly supportive of centrist, or even right-wing positions.

The view held by union officials and active socialists that they are excluded from or vilified by the Press has intersected with the academic critique of the media, and has resulted in the elaboration of a campaign against elements of present press practice and a programme for change.

The central plank in that programme is the right of reply—that is, the right of a person or an organisation to respond to an article or a programme with his or her own version of the events originally described.

To justify the demand, much moral underpinning has been given; Mr Tony Benn told a recent conference organised by the Campaign for Press Freedom that: "Britain is desperately in need of a fair, diverse and pluralistic Press . . . we don't have that freedom today and we are paying a high price for it."

The demand is gaining ground. The print unions, and the Labour Party's national executive, both support it; it is also the formal policy of the TUC. Little thought, however, appears to have been given to the matter of its practicality.

Will it be confined to individuals? Will it be confined to factual inaccuracies — or to opinions? Will the right be statutory? Backed by what penalties? Should the reply be as prominent as the original argument? Would, for example, the Prime Minister have the right to reply to articles critical of her policies? Would there then be room for any other articles?

One contribution to the campaign's conference attempts the beginnings of an answer. Mr Denis MacShane, a former president of the National Union of Journalists, pointed out in a paper that the right of reply exists in most European countries. In France, refusal by an editor to publish a reply can lead to a fine in a minor court; in West Germany, the right is also backed by the courts, and in Sweden a Press Ombudsman and Press Council have the right to fine papers and force them to print corrections.

But, says MacShane, "there is little direct evidence that it works at a much stronger level than, say, a letter of correction about a factual inaccuracy." In part this is because papers often fight hard in the courts and deter complainants, in part because the "right" is hedged with restrictions.

More importantly, MacShane argues, the right is not regarded as particularly important because in those countries where there is a strong union movement and active Left, there are also a number of papers and journals which represent their views. The French distribution system which guarantees circulation for all papers is particularly important here: those who have Press supporters do not mind Press detractors so much.

A little paradoxically, then, the best way for unions and the Left to redress the balance against the capitalist Press might be to argue for a widening of the market, so that the "information agora" could allow in new, relatively impoverished participants. That will demand a little legislative underpinning and a lot of effort by those who genuinely wish a change—no bad mixture.

Letters to the Editor

Paying capital gains tax on 'paper' increases

From Mr A. Sutherland

Sir,—Mr D. J. Lewis (March 12) complains of "a most profound injustice." The Chancellor's proposal was that "as from this April, gains, including those of companies, will, in principle, be calculated after taking account of inflation which occurs after that date."

Mr Lewis points out that the Inland Revenue intends to do this by indexing up the allowable expenditure, ie, the cost of an asset, whenever that was incurred, by the increase in the RPI between April 1982 and the date of sale. As he correctly says this will mean that on an asset bought in 1970 the allowable expenditure, indexed up only by inflation after 1982, will still leave a substantial nominal rather than real gain in the tax base.

That result, however, can be avoided by bed and breakfasting such assets. If that is done in April, then tax, less the new £5,000 exemption, will indeed have to be paid on the nominal gain between 1970 and 1982. But then the whole of the gain after 1982 will be indexed.

If the Chancellor were however to adopt Mr Lewis' suggestion and to index the 1970 purchase price all the way up to 1982 values, then all of the nominal gain between 1970 and 1982 would escape tax. That is precisely what the Chancellor did not think it fair to do. The Chancellor's package of proposals for CGT will already reduce revenue in a full year by at least £260m, a sum which is about half of the total collected in 1981-82. So there is no lack of evidence to support the Chancellor's judgment. He should stand firm; and Mr Lewis should bed-and-breakfast, and pay up.

Alister Sutherland.
Trinity College, Cambridge.

From Mr L. Hunt

Sir,—The Chancellor recognises the injustice of paying capital gains tax on "paper" gains but has been unable to find a practical method of indexing gains from 1965 to date.

A simple compromise is that, in addition to his present proposals, he should allow investors to elect to pay CGT at a reduced rate, say 15 per cent, following realisation of holdings acquired before March 9 1982, but without indexation against future inflation.

This would give an incentive to "unlock" heavy gains and tax revenue might be surprisingly buoyant, particularly in the next financial year.

L. G. Hunt.
Beausale House, Warwick

From Mr J. Edwards

Sir,—It has been claimed that the Budget can be seen as "stimulative" because tax changes reduce the tax take below what it would have been "if the allowances, specific duties and related thresholds had been merely indexed."

That this is too narrow a view is shown by the table included in Mr Brittan's post-Budget article (March 10). General Government receipts rise by £12.5bn, or 11.5 per cent, which means that they become a greater proportion of gross domestic product if it rises at the expected 9.8 per cent. Expenditure rises by only 10 per cent, or £12bn. The rise in receipts outstrips the rise in expenditure by £500m contributing half the £1bn reduction of the public sector borrowing requirement.

Changes in receipts seem more relevant to the question about the effect of the Budget on aggregate demand than a comparison of proposed with hypothetical tax changes.

In principle it is conceivable that a Budget which reduces the PSBR could be shown to be stimulative, by examining the components of receipts and expenditure, for example asset transactions, but no one has attempted to show that this can be done for the present Budget.

There are also questions about the inflation-adjusted and standardised (high employment) balances. A rule of thumb estimate based on 9 per cent inflation indicates a negative inflation-adjusted balance, with the implicit tax imposed by inflation outweighing the nominal PSBR but it may be less deflationary than in 1981-1982. The nominal PSBR falls as a proportion of GDP when higher average employment is forecast, indicating a further tightening of the fiscal stance, in terms of standardised balance.

Julian R. Edwards,
Department of Economics,
University College of Wales.
Penglais, Aberystwyth.

Isn't it grand

Sir,—It appears from the professional appointments page of your paper (March 11) that metrication has now gone too far.

The successful candidate for a post advertised was offered "15K plus a car . . ." Your readers will no doubt have realised that the "K" stood for kilo and like me they must surely regret the introduction of this idiom in a financial context. The expression did not seem incongruous from the lips of a character in a recent episode of ITV's "Minder" instead of the more usual colloquial term "grand" but it somehow seems most inappropriate to signify the level of salary for a highly respectable post.

Happily, so far, most financial journalists and economists seem to have resisted the temptation to debase our currency and indeed there was not a single "K" to be seen in the text of the Chancellor's Budget speech. I am therefore hopeful that this letter will stop the rot as the thought of hearing the expression kilo-pounds (which sounds paradoxical in itself) fills me with horror.

P. F. Griffin.
86, Fir Tree Road, Banstead, Surrey.

Satellite TV

From the Vice-President (Past President), Council of British Chambers of Commerce in Continental Europe

Sir,—There have been many articles in the Press on Satellite TV, yet you have been virtually alone in making any reference to one especially serious problem which has to be solved: in Arthur Sandles article (March 5), he mentioned that "the corporation recognises that it is in for some tough negotiating with its unions for the price to be paid for work on these projects . . . ."

It is this question of the royalties and performing rights which has prevented Belgian cable networks from including British TV programmes in their wide service which includes many channels from Belgium, France, Germany, Holland and Luxembourg. In spite of intense efforts in the diplomatic and political fields for at least ten years no solution to this problem has been forthcoming and a wide and appreciative audience in Belgium does not understand why we in Britain fail to realise the incalculable indirect advantages which accrue from the use abroad of this medium in the cultural, linguistic, touristic, political and commercial fields.

Are there any signs that a solution will be found before satellite transmissions become a reality?

Dick H. Pantlin.
11, Avenue De Mercure, Brussels 1180, Belgium.

A new kind of class system

From Mr W. Calvert

Sir,—Civil servants have from time immemorial been the whipping boys for mindless criticism simply because they cannot answer back. Being retired I am not now so restricted, so perhaps you will allow me—Official Secrets Act notwithstanding—to put in a word on behalf of my former colleagues by giving you a brief glimpse of a world which few who criticise have ever seen.

I remember once an irate farmer writing to us, after homeward plodding his weary way, "You fellows ought to be shot for giving us all this work, we're not farmers any more just clerks!" He couldn't, or wouldn't fill in his annual form for subsidy correctly and it was simply our job to ensure that each claimant received the amount of public money to which he was entitled—no more and no less. One form a year was apparently too much for him to complete while we were each dealing with 1,000 forms a day—each involving intricate calculations—and our higher executive officer kept pleading "If you can manage just a few more we shall just get by!"

Most of my colleagues were women "temps" so Mr Coley (March 10) need not worry about the amount of their pensions—they won't be getting any. I am getting a pension now, but I guarantee Mr Coley wouldn't care to try and live on it. My last increase, less tax, worked out at just under 40p a month. It is just enough to stop me from getting rent rebate.

The only real answer to "this whole thorny question" (vide Mr Coley) is that people who know nothing about the work civil servants do or about the true function served by civil service forms, etc—who probably couldn't do the work anyway—and who know nothing about the real life of most civil service pensioners should refrain from echoing and adding to the scurrilous nonsense to which we have all become inured.

William V. Calvert,
1, Aylmer Road, W12.

Balloting in the banks

From the General Secretary, Banking Insurance and Finance Union

Sir,—I refer to the article (March 11) concerning the Banking Insurance and Finance Union's decision to ballot its members without recommendation on the pay and holidays offer from the major English clearing banks.

I would like to comment upon its statement that the timing of the ballot was chosen "partly to avoid prejudicing" the arbitration hearings affecting BIFU members employed by the British overseas banks. We obviously do consider most carefully the effect of all decisions upon the separate but related interests of our members throughout banking, insurance and finance.

The central determinants, however, of the timing of the ballot of our English clearing bank members are the banks' own computer deadlines for April salary payments, and the decision of the Clearing Bank Union to accept the package offer, without a ballot of their members and with apparent indecent haste.

I make the above point simply to remove any wrong inference that BIFU is not confident of its ability at arbitration to successfully improve upon the unacceptable final offers made by Barclays Bank International and the Standard Chartered Bank. In both banks, the existing higher salaries and conditions by comparison with the London clearing banks result from the fact that BIFU enjoys sole bargaining rights and has properly ensured that staff benefits from the exceptional profitability of the international banks. In taking them to arbitration on our most reasonable demand that we will not accept any offer which falls short of the 10 per cent paid last year simply indicates our unique ability and will to effectively defend and promote the interests of staff in this key industry.

Leif Mills,
BIFU.
Sheffield House, 17 Hillside, Wimbledon, SW19.

Without the City walls

From Mr T. Browne

Sir,—I was surprised to see James French describe the Tower Hotel as "built in the City of London" (Survey: London Docklands, March 10). Both the Tower Hotel and the Tower of London are of course to be found in the London Borough of Tower Hamlets.

The City of London has always jealously guarded its boundaries and the present contrast between the derelict docklands and the redeveloped City is just one of the many disastrous consequences for Londoners.

T. E. Browne.
31, Mycenae Road, Blackheath, SE3

Losses cut BP earnings by £420m

HEAVY LOSSES on European oil trading and chemicals operations have combined to cut net income of British Petroleum, Britain's largest company, from £1.44bn to £1.02bn for 1981. At the operating level profits were down from £3.29bn to £3.09bn.

Oil production from the North Sea and through the interest of Sohio (BP's U.S. affiliate) in the Prudhoe Bay Field in Alaska continued to provide the largest individual contributions to the group's profits.

The dividend to shareholders is being maintained at 20.25p net er p25p share, with a final of 14p. Earnings per share are stated at 63.9p (89.9p).

The directors report that exploration and gas production activities performed strongly during the year contributing over 90 per cent of the total operating result of the group, excluding Sohio. An analysis shows exploration and production income u pfrom £868m to £906m and the contribution from Sohio ahead from £1.76bn to £2.15bn.

Oil trading oerpating profits were sharply lower at £219m (£767m), while losses on the chemicals side were higher at £194m (£134m) as were minerals losses at £28m (£3m). Among the group's other businesses, coal nutrition and detergents made profits of £36m (£33m).

The directors state that significant losses were made by the group's oil trading business in Europe as a result of the low level of demand, continuing excess refining capacity and crude oil supply surpluses.

By contrast, they say, the group's major markets outside Europe, where such problems do not exist to the same degree, the business made consistent profits in all quarters of the year.

Sales of refined products, excluding Sohio, fell to 1,839,000 barrels per day, compared with 1,983,000 in 1980 which itself represented a fall from the 1979 level. The directors say that the decline in sales volume reflects the deepening economic recession and attempts by countries to reduce oil consumption.

They point out that after adjusting for the cost of replacing stock oil trading showed a loss of £299m. However, in October the official selling price of Saudi crude oil was raised, removing the supply cost advantage which competitors with access to Saudi oil had enjoyed.

The improvement in results later in the year was also helped by the relative weakening of the dollar, which reduced oil supply costs in local currencies, and by corrective measures taken. These involved the diversification of supply sources, the renegotiation or termination of high priced crude oil purchase contracts and the shedding of some unremunerative trade in Europe.

On chemicals the directors report that the underlying trading was still at a loss during 1981. Competitive pressure on European prices kept contributions to fixed costs well below the level necessary for profitable trading.

Redundancy costs connected with a general reduction of operating capacity and also specific costs resulting from the closure of the Stroud plant in the UK and part of manufacturing operations in Antwerp amounting to £35m are included in the operating loss.

In the minerals business the loss reflected the cost of the rapidly expanding exploration activity, and depressed market conditions.

Capital expenditure on the production side includes exploration expenditure of £261m, with the North Sea still the largest single area of activity. Expenditure on production included £554m for the North Sea.

At the net income level Sohio's contribution to the group amounted to £591m (£496m). Although the underlying U.S. dollar net income rose slightly there was a substantial improvement in the sterling result arising mainly from the change in exchange rates between the two years. On the current cost basis the Sohio contribution was £477m (£338m).

The directors state that the benefits of higher U.S. domestic crude oil prices were partly offset by windfall profits tax and in increase in exploration expenditure. Windfall profit tax, introduced in March 1980, amounted to £753m, against £155m.

Capital expenditure on exploration and production totalled £914m, representing 76 per cent of the total for Sohio excluding acquisitions.

Replacement cost operating result is shown at £2.46bn (same) and the current cost result £1.57m (£1.7m). Current cost net income is £194m (£577m).

The group proposes to increase the authorised capital from £500m to £600m.

See Lex

HIGHLIGHTS

At the start of a busy week for company news Lex looks at BPs full-year figures which shows the expected setback in net income for 1981 though with some improvement in second half trends. **Barratt Developments** steams ahead with 28 per cent growth in halfyear pre-tax profits to £15.3m. Volume is rising nationally and margins are roughly being held but even Barratt is feeling the pinch. Lex also considers the appeal by **British Sugar Corporation** to the European Commission against the *possibility of a bid from S & W Berisford, alleging that it would destroy competition in the UK sugar market.* Finally the column briefly examines the takeover by **Saatchi & Saatchi** of Compton Communications of the U.S. for $29.2m down, and up to $27.6m over the next ten years.

Chambers & Fargus midway fall

A STEADY improvement is expected in the second half by the directors of Chambers and Fargus, after first half pre-tax results fell from £234,185 to £122,968 for the six months to December 31 1981.

With an increased flow of raw materials, further investments have been justified to increase processing flexibility say the directors, the benefits of which will help to build up profits in due course.

The interim dividend of this seed crusher, edible oil refiner and vegetable protein producer has been maintained at 0.5p. Last year's total payment was 2p paid from pre-tax profits of £412,000.

Turnover this time slipped from £4.7m to £4.38m. The charge for taxation was lower at £63,944, compared with £121,777.

Earnings per share emerged lower at 1.65p, against 3.15p previously. After tax profits were £59,025 (£112,468).

Barratt ahead to £15.3m and interim raised 25%

FURTHER PROGRESS has been made by housebuilder, Barratt Developments in the half year ended December 31 1981. With turnover higher at £164.21m, against £128.56m last time, pre-tax profits increased from £11.89m to £15.27m.

As expected, the interim dividend is being effectively lifted by 25 per cent to 3.5p (2.8p adjusted) net and it is anticipated that the final will show a similar increase. For the previous full year, payments totalled an equivalent 9.88p.

Tax charge for the half year was £3.79m (nil). The interim dividend absorbs £2.50m (£1.66m) leaving the retained surplus lower at £6.88m, compared with £10.23m.

With some 6,000 houses legally completed in the period and advance sales at record levels, the group has again demonstrated its ability to increase both volume and market share, Sir Lawrie Barratt, the chairman, states.

Demand for new housing is buoyant and the group's innovative approach to the market will enable it to continue to expand in this sector, he adds.

The investment property portfolio continues to expand steadily and a number of new developments have commenced during hte period, principally in South-East England and North-East Scotland. Lettings are being achieved in accordance with programme and the group is on target to have a rent roll of £4m by June 1982.

The contracting subsidiaries continue to make a useful contribution to profit and all have strong forward order books.

In the U.S., the private housing market remains difficult, principally because of high interest rates. Although the group's American subsidiaries are profitable, its prime objective in California is to lay the foundations for future years and no significant contribution to group profit is anticipated in this financial year.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Petroleum	14	May 20	14	20.25	20.25
Barratt Development int	3.5	May 28	2.8*	—	9.88*
W. Canning	2.25	July 1	2.25	3.98	3.98
Carlton Industries	5	May 28	8	7.5	12
Cement-Roadstone	3.56	—	3.23	5.86	5.33
Chambers & Fargus int	0.5	May 21	0.5	—	2
CSC Investment	4.5	April 24	4.5	7.75	7.75
J. Jarvis ....int	6.7	April 2	6	—	13.2
D. M. Lancaster	0.7†	—	0.61	0.7	0.61
Link House ....int	3.8	April 23	3.2	—	10
MEMEC	2	May 17	—	3	—
Metalrax	1.6	—	1.44*	2.35	2.18*
Transport Development	2.8	May 14	2.8	4.25	4.25
VW	2	—	—	2	—
Victor Products ......int	1.5	April 9	1.5	—	4.25
Waverley Cameron	3.75	—	3.75	3.75	3.75
Yarrow ....int	2.5	June 18	2.5	—	8.15

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Lancaster rises to £538,835

IMPROVED PRE-TAX profits are shown by D. M. Lancaster, industrial holding company, for the year to December 31 1981. The pre-tax surplus moved ahead to £538,835, compared with £285,119 for the previous 18 months.

Turnover totalled £7m (£5.7m for previous period).

After the first six months there were pre-tax losses of £144,008. The directors said at that stage that it was not possible to make a comparison with the previous corresponding accounting period since Club 18-30 (London) was only a part of the group for a short part of that period. They viewed the trading position for the year as a whole with confidence.

The dividend per ordinary 5p share has been declared at 0.7p, on increased capital, compared with 0.6125p. Earnings per share are stated as rising from 1.15p to 2.38p.

Tax for the period was £177,400 (£112,514).

Memec profits in line with forecast at £1.57m

DESPITE extremely difficult trading conditions during 1981, particularly in the second and third quarters, pre-tax profits of **Memec (Memory and Electronic Components)**, which came to the Stock Exchange last June, amounted to £1.57m and were in line with the forecast of not less than £1.55m. Profit for 1980 was £1.43m.

At the halfway stage profits had moved ahead from £709,000 to £759,000.

Turnover for the 12 months increased to £8.02m (£7.29m) and with a final dividend of 2p, as forecast, the total for the year is 3p per 10p share.

The directors say that trading conditions for components are expected to improve and they are confident of growth in the current year.

Despite the recession, the market for active components continued to expand in volume, but suffered in value terms. Although prices for computer hardware continued to fall during the year, because of improvements in technology, this was compensated by a growth in demand from the systems company's customer base which continues to expand, the directors state.

Margins were maintained at Thame Components, despite a drop in sales value. Board based products achieved relatively low growth, but are expected to improve, and demand for development systems, sales of which were similar to 1980, was affected by the economic climate and restraints on capital spending.

The directors add that the addition of a Motorola franchise for board and development systems in January last gives the company access to a wider market in this area.

Results from Ambar, formed in 1981, were satisfactory, particularly in the fourth quarter, while total sales of Thame Systems were ahead of plan; margins were maintained and further growth is expected, the directors state.

Tax for the year took £743,000, against £361,000.

● comment

The enthusiasm which greeted the floatation of Memec last summer shows no sign of waning. Priced at 140p — a prospective p/e of 20 — the £5.25m issue attracted over £300m of investors' money. Yesterday Memec met its prospectus forecast with a safety margin of just £21,000 and still the shares rose 4p to 252p where the fully taxed multiple is 35. True, last year was one of the toughest that electronic component suppliers can remember and Memec only kept its profits moving the right way thanks to its Systems business and the new Ambar operation, handling Japanese components, where sales rose by nearly a half to £1.2m. The first quarter of this year has seen some improvement in component demand but it remains a highly competitive market and the company has had little chance to repair margins. Profits this year could be up to between £1.8m and £2m. Assuming the higher figure the p/e is still 28 but there is little chance that the price will weaken while investors are looking towards substantial growth once the recession is over.

Waverley Cameron downturn

A drop in pre-tax profits was shown by Waverley Cameron, Edinburgh-based stationery manufacturer, for the year to December 31 1981. The taxable surplus fell from £227,425 to £141,213 on lower turnover of £2.63m, compared with £2.72m.

The dividend payment per ordinary 25p share is being held at 3.75p. Earnings per share are stated much lower at 12.14p, against 31.68p previously.

At half-time pre-tax profits were down at £44,552, compared with £80,856.

Tax took £22,104, compared with a previous credit of £79,257.

On a current cost basis net profits emerged at £35,906 (£180,575).

Five listings cancelled

The Stock Exchange has cancelled the listings of five companies whose shares have been suspended for more than three years. No bargains are permitted under Rule 163 (2) except those under the provisions of the permanent notice C24.

The companies are Fairfax Jersey Group, London Bridge Securities—both in liquidation—Credit Data, Motor Rail and Palace (Torquay).

UKO INTERNATIONAL

Consult International has acquired an option over 530,000 shares in UKO International. Of these, 349,402 represent holdings by trusts of which Mr F. M. Wiseman and Mr J. M. Wiseman (directors of UKO International) are trustees, with the balance from wider Wiseman family interests.

SPAIN

March 12	Price %	+ or −
Banco Bilbao	343	+4
Banco Central	252	+4
Banco Exterior	302	
Banco Hispano	323	+3
Banco Ind. Cat.	110	
Banco Santander	358	+4
Banco Urquijo	221	
Banco Vizcaya	388	+5
Banco Zaragoza	245	+3
Dragados	156	
Espanola Zinc	61	
Fecsa	59.2	
Gal. Preciados	41.5	−0.5
Hidrola	63.5	+0.3
Iberduero	51.5	+0.3
Petroleos	93	−1
Petroliber	88	+1
Sogefisa	13	−1
Telefonica	72.5	
Union Elect.	63	

Metalrax falls but pays more

THE FAILURE of the De Lorean business caused exceptional losses of £119,000 this time at Metalrax Group, the engineering concern. The taxable surplus slipped from £1.86m to £1.61m for the year to December 31 1981.

The total net dividend has been lifted by 8 per cent from an equivalent of 2.15p to 2.35p with a final of 1.6p. A one-for-ten scrip issue has been announced—the company has made a scrip issue for 12 consecutive years.

Earnings per 5p share are given as 4.95p (5.94p).

While turnover was down from £22.68m to £20.68m the directors say that margins were well maintained.

"The heavy financial commitment by government in De Lorean Motor Cars was taken as firmly supporting its credit worthiness," says Mr D. Hammond, the managing director. "Although this large debt is non-recurring and confined to 1981, it is sad to have to make provision for it."

The charge for taxation was lower at £455,000 (£527,000). Extraordinary debits rose from £35,000 to £79,000.

Net available profits emerged down at £1.07m, compared with £1.28m, and the amount retained came to £562,000 (£811,000).

On a current cost basis taxable profits were lower at £997,000 (£1.24m).

● comment

Metalrax appears to be mending nicely. After a 50 per cent drop in pre-tax profits at the interim stage, the company has produced a full-year decline of only 8 per cent, excluding the exceptional item. The group generally turns in a stronger performance in the second half; both Bakeware and the plant installation division are seasonally biased. But Metalrax reports a mild improvement in demand for engineering fittings (such as components for electrical appliances). This, in turn, has led to better plant utilisation. Two small companies were closed in the year, contributing to a 15 per cent cut in the group's labour force. Metalrax's cash cushion is now over £1m—it is still searching for a suitable acquisition. If demand continues to pick up, the group could show pre-tax profits this year of around £2.3m. This gives the shares, up 1p to 47p, an undemanding prospective p/e of just over 8. The increased dividend gives a historic yield of 7.5 per cent.

Possible cash call by Airship

Airship Industries announced yesterday that the Walloon Regional Government of Belgium is making an investment in the company which could total £2.5m.

The "Walloon Region" has subscribed for and been allotted 325,000 shares at 125p each for £406,250 cash, substantially above the 88p share price at the time of its suspension in May 1981. The Belgians have an option to purchase up to 29 per cent of the equity by May 17.

If the option is taken up, Airship Industries will make an application for a USM listing in June, and will call for further cash of about £1.5m. It will then have the capital necessary for three years production of Airship models 500 and 600. The intention is to sell 20 units by 1983, at a price of £1.2m-£1.5m per craft.

Currently 44 per cent of the equity is institutionally held, European Ferries hold 11.32 per cent, the management 25 per cent, and 20 per cent is held by 1,100 members of the public. Total capital employed is over £7.5m and borrowings stand at £550,000.

No attempt was made to obtain "Belgian type" backing from the British Government, which has paid 25 per cent of the research and development costs. The largest component manufacturer involved, Slingsby Engineering, is majority owned by the British Technology Group.

Airship Industries expects that a full Civil Aviation Authority certificate for the AD 500, which made its maiden flight last September, will be granted by September this year. The company intends to start production of the AD 5000 model, which will have 200 seats and a payload of 25 tons, in 1984. Keith Wickenden, the chairman (also Chairman of European Feries) says that "there is very real commercial interest in this project."

With Airship Industries currently committed to non-rigid frame vehicles, former chairman, Major Malcolm Wren is leaving the company to continue the development of rigid frame airships. Major Wren is to sell on the open market his 3.6 per cent holding in Airship Industries, and will be employing a number of the company's employees and fixed assets on the Isle of Man.

NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission:

Elders IXL/Wood Hall Trust and Federated Land/Estates and General Investments.

UK COMPANY NEWS

W. Canning makes £0.9m after second-half pick-up

AFTER A depressed first half, W. Canning, the Birmingham based chemicals metals and electronics group, showed an improvement to £695,000 in second half profits taking the year's pre-tax total to £905,000. This represents a reduction of £720,000 on 1980.

After all charges including extraordinary items of £864,000 (£321,000)—representing closure and reorganisation costs including redundancy payments—there is an attributable loss of £207,000 compared with profits of £883,000.

The company—which claims not to have reduced a dividend in 40 years—is drawing on reserves to maintain the 1981 payment at 3.978p net, with a final of 2.254p. Mr B. Tromans, the chairman, says that the circumstances which gave rise to the extraordinary items are abnormal and do not justify any dividend reduction.

He says that the company—which since July 1979 has cut the number of employees from 2,276 to 1,347—is now in a far stronger position. Slight signs of a recovery in volume by the group's customers in the latter part of 1981 has continued into the early part of this year. If this is maintained the chairman is confident that a "considerably better" result can be achieved this year.

Group turnover in 1981 showed a fall of 23 per cent to £48m. The decline was partly due to the effects of an explosion at the group's silver refining works and to the decline in the general level of UK activity. The chairman reports that the reduction in home demand was partly offset by an increase in export sales which rose by 25 per cent to £5.7m.

The year's profits were struck after providing for losses of £147,000 (£170,000) at Holyhead Engineering where business ceased in July 1981. Elsewhere in the group the chairman comments that good performances were achieved in chemicals and electronics. The metal recovery side had a reasonable year despite the explosion, which disrupted production from April to October.

A divisional breakdown of sales and trading profits shows: chemicals and allied materials £24.39m and £1.29m; metals and electronics £12.98m and £487,000; engineering £10.72m and loss £91,000. Activities closed or sold had total sales of £922,000 and trading losses £192,000.

Shareholders funds at the year end stood at £10.9m after writing off £1m on goodwill relating to acquisitions. Net assets per share amount to 83p (97p). Borrowings rose to 51 per cent of shareholders funds, compared with 34 per cent. This increase roughly corresponds to the cash element paid for the purchase of Marston Lubricants.

The pre-tax profit for 1981 is reduced to £340,000 on a current cost basis and attributable losses are heavier at £783,000.

● comment

Canning's year had got off to rather a slow start even before an explosion in its silver refinery rocked the group back on its heels. In the circumstances, a second-half recovery to leave full year profits at £0.9m before tax is not too disappointing, although it represents the lowest total since 1972. Canning's improvement in the latter half owes something to better trading—or at least elimination of costs—throughout the group, which could be expected to have continued effect in the current year. Equally, there is a list of less organic improvements: directors received £113,000 less than in 1980, the profit elements of Canning's insurance settlement added about £100,000, and the net contribution from Marston—acquired in July—was worth another £140,000. The shares, at 70p, are not far short of their cyclical high on a demanding multiple of more than 20 times fully-taxed historic earnings. Assets of 83p a share look a trifle suspect given the amount of unsold property adhering to the balance sheet, but a yield of 8.4 per cent should keep institutional holders quiet for the moment despite the slender cover.

Link House expands in first half

A RISE in pre-tax results was shown by Link House Publications, publisher, for the six months to December 1981. Profits rose from £2.2m to £2.67m on turnover £1.2m higher at £12.99m.

Exchange and Mart publishing trading continued at a satisfactory level, say the directors. Link House Magazines, however, was severely affected by the recession. The division is going through a period of retrenchment with the prospect of only modest profits in the current year, they say.

Blandford Books is performing substantially better than last year, say the directors, in spite of recessionary trading conditions.

Investment in Viewdata is being cut back mainly due to the disappointing progress of "Prestel" as an accepted electronic medium.

The interim dividend has been lifted from 3.2p to 3.8p. In the last full year a total of 10p was paid from pre-tax profits of £4.54m on turnover of £25.15m.

First-half earnings per share rose from 8.79p to 10.68p.

The charge for taxation rose from £1.14m to £1.39m.

● comment

The 20 per cent midway advance at Link House Publications hides the extent to which the recession is beginning to bite into group activities. There has been a sharp downturn in both copy sales and advertising revenue for the consumer magazines side over the last three or four months. RIO, the company's year-old first, and expensive, venture into women's romantic fiction is proving disappointing. Blandford Books faces depressed markets, particularly at home, and remains on course for a return to profit next year solely because of actions taken in-house. Everything, therefore, continues to hinge on the mainstay division, Exchange and Mart Publishing. Even here there is weakness in circulation and advertising—E and M national edition's copy sales are down 7 per cent on a year ago—but the erosion is not serious. So with no major reorganising costs in view and strong cash reserves the group's hopes for modest growth this year do not appear unreasonable. An increase in the pre-tax total similar to half-time points to a full tax prospective p/e of 11.7 following the 5p rise to 258p on the latest results.

Granada's VCR rentals surge

THIS YEAR will be difficult for the Granada Group, the chairman Mr Alex Bernstein, told the annual meeting.

Some businesses were suffering from the recession, and interest charges were increasing because of the investments for the future, including £55m in purchasing video recorders.

On profits, Mr Bernstein said they were running at about the same level as last year, but it would be unwise to make any firm prediction.

The video recorder market was meeting all expectations. Granada had 180,000 customers renting videos in this country, in Europe and in North America; and that figure was growing at the rate of over 2,500 a week. "We are happy at the way this business is developing, but it is in the nature of this business that profits only come through in later years," the chairman said.

Granada TV Rental was facing strong competition from retailers and cut price rental companies and that, together with the effects of the recession, was causing a fall in the number of colour TV rental subscribers.

Television advertising was buoyant, and although heavy costs were needed in helping to finance the Fourth Channel, Granada Television was doing better than expected.

VW on target with £619,000

IN LINE with forecast, profits of VW, sheet metal fabricating, precision engineering concern, amounted to £619,279 for 1981, against £501,229, and directors are paying a 2p dividend per 25p share.

In their offer for sale document last October, the directors forecast profits of not less than £615,000 for the 12 months, and a 2p distribution. As anticipated there is no corporation tax charge.

Turnover was down slightly from £4.36m to £4.27m and earnings per share are given as 12.58p (10.42p)—12.49p was forecast.

Cement-Roadstone rises 6%

SECOND half pre-tax profits of Dublin-based Cement-Roadstone Holdings moved ahead from I£11.7m to I£12.62m and pushed the figure for the whole of 1981 to £26.64m, compared with £25.23m, a rise of 6 per cent.

Turnover of this cement, sand, gravel and roadstone group expanded by £53.28m to £354.52m and the dividend is lifted to 5.86p (5.33p) net per 25p share with a final distribution of 3.56p.

Because of the uncertainties in the economies in which the group operates, the directors are not making any forecast for the current year. They say, however, that the company is well prepared to take "with flexibility and vigour all the opportunities we can find."

Activity in the Irish building and construction industry remained well below the 1979 peak, directors state. Home sales of cement were unchanged at 1.82m tons and sales to Northern Ireland increased to 108,000 tons, against 75,000 tons.

Profits improved at Irish Cement, while other Irish operations turned in lower figures in conditions of intense price competition combined with slightly lower overall sales volumes.

The group's U.S. operations had a successful year, directors state, against a background of high interest rates and recession-depressed construction markets in most areas. Trading profits of Amcor and Carder again advanced, while those of the most recent acquisition, Concrete Conduit, were ahead of forecast.

Because of the continuing and deepening recession in Britain, profits of both Forticrete and Henderson declined, directors say, those of the latter substantially. This did not deter the companies, however, from continuing their planned expansion and modernisation programmes.

After the year's tax charge of £719,000 (£150,000) earnings per share are just ahead at 14.83p (14.59p).

The attributable balance came out at £25.05m (£26.26m) after minority losses, £597,000 (£93,000), preference dividends and an extraordinary debit of £1.4m for the year, compared with a £1.16m credit.

● comment

Cement Roadstone maintained its home sales of cement in a weak market because its rising production was able to displace imports. Sales of other materials fell, so a sharply higher contribution from the U.S.—which accounted for about 15 per cent of trading profits—was instrumental in the group's progress. Van Neerbos was also ahead and Premier Periclase managed to halve its losses in the second half despite a dismal market for refractories. Roadstone is off to a slow start this year because of bad weather and the group is hoping for no expansionary Budget shortly to sustain its momentum. (The Government is behind about two-thirds of construction spending in the Republic.) Given the group's heavy capital spending programme, the 10 per cent rise in the dividend may seem generous, but from Irish shareholders' point of view, it goes only halfway to making up for inflation. At 65p, up 2p in London, the shares yield a useful 11 per cent.

Cost reduction aids Victor Products

THE COST reduction programme at Victor Products (Wallsend) has enabled the deterioration in margins to be arrested. In the half year ended October 31 1981 turnover has fallen from £6.44m to £5.37m, but the profit before tax shows a rise from £511,000 to £528,000.

The company is now beginning to return to more profitable trading, albeit at a depressed level of turnover. With this in mind the directors are maintaining the interim dividend at 1.5p per share.

After tax £76,000 (£36,000) and minorities £18,000 (nil), the attributable profit comes out at £480,000 (£475,000). Earnings are shown at 5.78p (5.71p) per share.

Carlton £4m lower at year end

SECOND-HALF 1981 profits of Carlton Industries were down from £6.2m to £5.13m leaving full year pre-tax figures lower at £8.07m, compared with £12.24m. Total sales of this battery and whisky manufacturer, fell by £5.48m to £103.51m.

The final dividend is being cut from 8p to 5p net making a total payment of 7.5p (12p). Earnings per 25p share were 22.1p (36.6p) based on the actual tax charge of £1.14m (£1.47m) and 12.6p (20p) on a notional 52 per cent charge.

Profits from batteries dropped from £9.07m to £6.74m on sales of £73.2m (£74.88m). Whisky sales were down at £20.78m (£24.64m) while profits fell back to £4.86m (£5.51m). Other activities—including overheads of the parent company—incurred a deficit of £144,000 (£124,000 profit) although sales rose slightly from £8.46m to £8.53m. Share of profits from the Comben Group—the associate—fell from £2.74m to £1.95m.

Interest charges increased from £5.2m to £5.33m. At the attributable level, profits emerged down from £9.38m to £6.01m. after charging tax, minorities of £908,000 (£938,000) and extraordinary debits of £17,000 (£457,000).

Dividends accounted for £2.11m (£3.28m) leaving the retained surplus at £3.9m, compared with £6.1m.

In current cost terms, the year's pre-tax profits were £4.87m (£9.93m).

The company is a subsidiary of Hawker Siddeley Group.

George Armitage runs into losses

LOSSES IN the second half of 1981 at George Armitage and Sons have left the company with a full year pre-tax deficit of £133,000, against profits of £504,000 previously. Sales of this facing and engineering brick manufacturer were down from £9.61m to £7.72m.

First-half taxable profits had dropped from £502,000 to a near break-even £28,000. Although the interim dividend was unchanged at 2.5p the final is being cut by 50 per cent from 5p to 2.5p net. The board says the prospects for the industry in 1982 show no sign of improvement.

Tax charge for the year was £287,000 (£268,000) but including extraordinary credits of £974,000 (£107,000) reflecting a £1m surplus on the sale of air space, net available profits emerged higher at £554,000, compared with £343,000.

Deficit per 25p share, before extraordinary items, was 31.58p (11.16p earnings).

Group stock levels at the year end represented 20 weeks' production. Mr Geoffrey Armitage, the chairman, comments that the very low level of demand has meant that the company has suffered throughout the year from the "suicidal" pricing policies of our competitors," particularly in engineering bricks, where selling prices have fallen by 12 per cent in 1981, against 1980.

At the year end, group stocks amounted to £2.7m (£1.89m). Net current assets increased from £1.23m to £2.29m and fixed assets totalled £7.46m (£7.7m). Shareholders' funds rose from £6.19m to £6.6m.

The company has "close" status and its ordinary shares are unlisted.

Meeting, Wakefield, April 1, 11.30 am.

Companies reminded to re-register

THE PERIOD within which "old public companies" must apply for re-registration as either "public limited companies" or "private companies" comes to an end on March 21.

An "old public company," as defined in the Companies Act 1980, not applying by that date will be in default and may be subject to penalties, one of which is no longer being allowed to offer its shares to the public.

The Registrar of Companies has written to all qualifying companies to remind them that they must elect to re-register as a "private company" or a "public limited company." With only two weeks to the deadline about 4,000 "old public companies" have applied for re-registration but applications are still awaited from an estimated 4,000 more.

Yeoman Investment Trust P.L.C.

Results for the year ended 31st December 1981

	1981	1980
Revenue before taxation	£1,279,150	£1,216,180
Taxation	£428,986	£395,424
Revenue after taxation	£850,164	£820,756
Earnings per Share	6·91p	6·69p*
Ordinary dividend per Share	6·76p	6·375p*
Net asset value per Share	160·2p	153·5p*

*adjusted for 1 for 1 capitalisation issue.

The new rate of dividend represents an increase of 6.0 per cent, to a level which we intend at least to maintain. Over the past ten years, the dividend has more than kept pace with the Retail Price Index, and, in a period of rapidly rising prices, this is a source of some satisfaction to your Board.

We hope that, even if the recovery from the present U.K. recession is slow, the stock market will continue to make progress. In that event your Directors believe your Company's portfolio is well placed to take advantage of any further upturn, although much depends upon the current recession in the United States and the outlook for interest rates in that country.

Twenty-five largest holdings

Company	Market Value £	Company	Market Value £
Shell Transport and Trading Company, P.L.C.	876,128	Anglo-American Corporation of South Africa Limited	202,800
Hanson Trust P.L.C.	841,800	Rio Tinto-Zinc Corporation Limited	199,350
British Petroleum Company P.L.C.	748,861	Imperial Chemical Industries P.L.C.	196,750
Prudential Corporation P.L.C.	589,195	Slough Estates P.L.C.	188,000
General Electric Company P.L.C.	495,000	European Ferries P.L.C.	182,250
B.A.T. Industries P.L.C.	441,860	Trafalgar House P.L.C.	176,650
Vodafone P.L.C.	300,000	Sedgwick Group P.L.C.	175,400
Standard Chartered Bank P.L.C.	291,625	Beecham Group P.L.C.	164,320
Barclays Bank P.L.C.	279,552	Park Place Investments P.L.C.	163,160
Pan-Holding S.A.	271,625	Fairclough Construction Group P.L.C.	162,000
Consolidated Gold Fields P.L.C.	244,000	Mercantile Investment Trust P.L.C.	161,700
Marks & Spencer P.L.C.	228,600		
Tokyo Trust S.A.	224,982		£8,013,092
Diploma Limited	204,000		

Directors:

Desmond A. Reid (Chairman) · Maurice B. Baring · Nicholas W. Berry · Rodney A. Pellatt, F.C.I.S. (Manager) · Christopher A. Keeley, F.C.A.

COMPANY NOTICES

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE
9.75% 1975/1983
LOAN OF U.A.15,000,000

We inform the bondholders that the redemption instalment due April 10, 1982 has been satisfied by purchase of 505 bonds and by drawing of 2,495 bonds on March 2, 1982 in the presence of an "huissier" in Luxembourg.

The bonds will be reimbursed at par on April 10, 1982, coupon due April 10, 1983 and followings attached according to the modalities of payment on the reverse of the bonds.

The numbers of such drawn bonds are as follows: [illegible]

The following bonds previously called for redemption have not yet been presented for payment: [illegible]

1981

5572/5573 5583/5584 5589/5590 5596/5598 5608/5610 5613/5616
5672/5681 5697/5698 5700/5706 5729/5733 5737/5739 5755/5756
5837/5840 5842/5865 5962/5981 6005/6011 6040/6041 6044/6049
6056/6078 6097 6119 6124/6125 6127/6130 6138/6139
6169/6172 6187 6261 6267 6269/6282 6347/6348
6396 6405/6413 6442 6455 6485 6488/6493
6509/6526 6538/6542 6680 6716/6718 6724/6726

Amount outstanding after April 10, 1982: U.A. 5,000,000.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE

15 Avenue Emile Reuter,
Luxembourg.

AKTIEBOLAGET SVENSK EXPORTKREDIT
(Swedish Export Credit Corporation)
U.S.$ 7⅞% Notes 1983

S. G. WARBURG & CO. LTD. announce that the redemption instalment of Bonds due 15th April, 1982 for a nominal value of U.S.$1,800,000 has been met by purchases in the market.

U.S.$5,200,000 nominal amount of Bonds will remain outstanding after 15th April, 1982.

30, Gresham Street,
London, EC2P 2EB.
16th March, 1982

TELEFONAKTIEBOLAGET L M ERICSSON
8½% BONDS 1989

S. G. WARBURG & CO. LTD., announce that the redemption instalment of Bonds due 15th April, 1982, for a nominal value of U.S.$2 000,000 has been met by purchases in the market.

U.S.$24,000,000 nominal amount of Bonds will remain outstanding after 15th April, 1982.

30, Gresham Street,
London, EC2P 2EB.
16th March, 1982.

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Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-30 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.

Washington: Editorial 914 National Press Building, Washington D.C. 20045. Telex: 440340. Tel: (202) 347 8676.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE
9.25% 1976/1983
LOAN OF U.S.$25,000,000

We inform the bondholders that the redemption instalment of $U.S.2,000,000 nominal due on April 15, 1982 has been satisfied by purchase of U.S.$581,000 nominal bonds and by drawing for redemption of the undermentioned bonds amounting to U.S.$2,419,000 on March 2, 1982 in Luxembourg, in the presence of an "huissier".

The bonds will be reimbursed at par on April 15, 1982, coupon due April 15, 1983, and followings attached, according to the modalities of payment on the reverse of the bonds.

The numbers of such drawn bonds are as follows: [illegible]

The following bonds previously called for redemption have not yet been presented for payment:

1009/1021 1040 1063 1082/1091 1100

Amount outstanding after April 15, 1982: U.S.$7,000,000.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE

15 Avenue Emile Reuter,
Luxembourg.

CANON INC.

Advice has been received from Tokyo that the 41st Ordinary General Meeting of shareholders of the Company will be held at its Conference Room at 30-2, Shimomaruko 3-Chome, Ohta-Ku, Tokyo 144, at 9 a.m. on Tuesday, 30th March, 1982.

AGENDA OF THE MEETING

Item No. 1 Approval of the business report, balance sheet, income statement and profit appropriation plan for the 81st business term (from January 1st 1981 to December 31st 1981).

Item No. 2 Report on matters relating to the merger between the Company and Tochigi Canon Inc.

Item No. 3 Partial amendment of the Articles of Incorporation.

Item No. 4 Change in the remuneration of Directors and Statutory Auditors.

Holders of Depositary Receipts to Bearer (EDR's and BDR's) wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with Clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel and Co. Limited, by 3 p.m. 23rd March, 1982, or with one of the sub-agents by 3 p.m. 22nd March, 1982, where lodgement forms are available. Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary Shares on the register as at 31st December, 1981.

Copies of the full text of the Notice convening the meeting are available if required.

HILL SAMUEL AND CO. LIMITED.
45, Beech Street,
London, EC2P 2LX.
16th March, 1982.

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

NOTICE IS HEREBY GIVEN that the 141st Annual General Meeting of the Association will be held in the Council Chamber, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY on Wednesday, 7 April 1982 at 12.30 pm, to include the following business:

1. To adopt the Report and Accounts for 1981.
2. To re-elect Mr James Edward Alexander Russell Gillman as a Director of the Association.
3. To re-elect Mr Raymond Percival St George Catzel as a Director of the Association.
4. To re-elect Mr Valentine Patrick Fleming as a Director of the Association.
5. To re-appoint Pannell Kerr Forster as auditors of the Association to hold office until the conclusion of the next Annual General Meeting.
6. To fix the remuneration of the Directors.

G. W. STIRLING, Secretary
16 March, 1982.

TORAY INDUSTRIES, INC.
7¾% U.S.$ GUARANTEED NOTES 1984

S. G. WARBURG & CO. LTD. announce that the redemption instalment of Bonds due 15th April, 1982 for a nominal value of U.S.$3,000,000 has been met by purchases in the market.

U.S.$15,000,000 nominal amount of Bonds will remain outstanding after 15th April 1982.

30, Gresham Street,
London, EC2P 2EB.
16th March, 1982.

AKTIEBOLAGET SVENSK EXPORTKREDIT
(Swedish Export Credit Corporation)
U.S.$ 9½% NOTES 1986

S. G. WARBURG & CO. LTD. announce that the semi-annual instalment of Bonds due 15th April, 1982 for a nominal value of U.S.$ 1,450,000 has been met by purchases in the market.

U.S.$ 13,050,000 nominal amount of Bonds will remain outstanding after 15th April, 1982.

30, Gresham Street,
London, EC2P 2EB.
16th March, 1982.

STANDARD BANK IMPORT & EXPORT FINANCE COMPANY LIMITED

US$50,000,000
GUARANTEED FLOATING RATE NOTES DUE 1985

(Convertible at the option of the Noteholder into 9¼% Guaranteed Bonds due 1985)

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 15 ¼% and the Coupon Amount payable September 16, 1982 against Coupon No 4 will be US$1972.57. The Conversion Interest Amount payable September 30, 1982 against Coupon No 4 will be US$94.79.

March 16, 1982.

By CITIBANK, N.A., London, Agent Bank.

PUBLIC NOTICE

STRATHCLYDE REGIONAL COUNCIL. Bills of £9m issued on 17th March 1982 due 16th June 1982 at 12.4687 per cent. Applications totalled £96 million. Total Bills outstanding £36 million.

EDUCATION

CONVERSATIONAL Japanese, German and French for Business. Private classes in your office or at St Giles College, Highgate. Telephone Ann Price, 01-340 5207.

ART GALLERIES

CRANE KALMAN GALLERY, 178, Brompton Rd., SW3. 584 7566. 34 Major Paintings by L. S. Lowry (1887-1976). Ends 6 April. Daily 10-6, Sats. 10-4.

MATHAF GALLERY, 32, Motcomb Street, London, SW1. Tel: 235 0010. Specialists in 19th Century and Contemporary Paintings in Arabia.

THE PARKER GALLERY, 2 Albemarle St., Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Typographical Prints and Paintings of Ship Models.

BROWSE & DARBY, 19 Cork St. W1. 01-734 7984. British Paintings & Drawings.

Companies and Markets

UK COMPANY NEWS

TDG profits fall £6m but dividend maintained

WITH MOST of the fall coming in the first half, down from £12.21m to £7.02m at the pre-tax level, profits of Transport Development Group finished 1981 at £15.17m, compared with £21.37m previously.

The dividend is maintained, however, at 4.25p net per 25p share, with a same-again final payment of 2.8p.

On the current year the directors say that the severe January weather makes comparisons difficult, but while there has been no resurgence of activity, some slight signs of improvement are now appearing in a number of areas.

Turnover for 1981 expanded by £12m from £263.68m to £275.68m and operating profits, of £18.27m (£23.95m), were split by function as to: road haulage £9.63m (£10.33m); storage £6.63m (£9.51m); plant hire, other transport services £1.14m (£1.68m); reinforcement and exhibitions £874,000 (£2.42m). By area the profit figure comprised: UK £11.08m (£18.46m); Europe £4.99m (£4.16m); Australia £1.54m (£1.34m); North America £665,000 (£3,100 loss).

Above the line there were redundancy costs amounting to £852,000 (£422,000) and interest payable of £3.11m (£2.58m).

Tax charge took £6.66m, compared with £6.81m, and after minorities and preference payments totalling £405,000 (£453,00), and an extraordinary credit of £1.54m (£1.15m debit), the attributable balance came through at £9.64m (£12.96m).

After the same dividend cost of £5.65m, the amount transferred to reserves totalled £3.99m, against £7.31m last time.

Before extraordinary items earnings per share are shown as 6.1p (10.62p).

As at December 31 last year net assets employed were £161.24m (£149.16m) and net tangible assets per share 91.1p (88.5p).

On a CCA basis pre-tax profits were reduced to £7.72m (£14m).

• comment

Transport Development Group is a pre-eminently cyclical business working hard to reduce its exposure to the UK economy. As such, it nevertheless registers the UK recession very sensitively; profits in this country were short of their 1980 level by almost 40 per cent. In the group's most highly barometric segment — exhibitions — margins dropped from 5.3 per cent to a mere 0.7 per cent. Although the crunch was nowhere else so severe, the major activity of haulage also showed the impact of reduced activity and competition; margins here were down by a third. The gloom was to some extent relieved by performance in overseas operations; newly acquired companies in North America will make more of a contribution this year, but continental European haulage pushed ahead by almost a fifth, cushioned from the recession by a large food component. The outlook in the UK is dull; glimmerings of improvement—which would normally be expected to lead into the upswing — remain extremely patchy. Up 1p at 77½p, the shares yield 8.1 per cent. A fully-taxed p/e of just over 14 indicates that they will not easily make ground until the macro-economy moves in their favour.

Benefits come through for Yarrow at midway

ACTIONS TAKEN in the previous year at Yarrow have had a beneficial effect which has been reflected in the half-year figures. For the six months to December 31 1981 turnover of this engineering, electronic systems, consultancy group expanded from £7.58m to £10.13m and there was a £951,000 turnround to taxable profits of £787,000.

The future strategy of the group remains unchanged, it has a strong balance sheet and is well placed to take advantage of any upturn in economic conditions, Mr Eric Yarrow, chairman, states. He adds that directors remain confident of group prospects.

The interim dividend is unchanged at 2.5p net per 50p share —last year's final was 5.65p paid from pre-tax profits of £53,000.

YARD, maritime and engineering consultancy subsidiary, achieved satisfactory trading results, and its range of business continues to expand, the chairman says.

The reorganisation within Control Systems has largely been completed and new products are being introduced. Automatic Revenue Controls is still a relatively small company, he explains, but there is considerable scope for expansion and has made a modest contribution to group profits.

Mr Yarrow says the group will continue to pursue its claim for "adequate and effective compensation"—the company's shipping subsidiaries were nationalised in 1977.

Tax charge for the six months was £308,000 (£277,000 credit) and after minority interests £3,000 (£2,000 credit) and an extraordinary debit of £52,000 last time, the attributable balance was well ahead from £63,000 to £576,000.

Earnings per share are shown to have jumped from 2.9p to 14.4p.

• comment

It is unlikely that the trading element of Yarrow's interim pre-tax profits is much above £150,000, given its cash holdings of over £9m, with YARD making the biggest contribution. Following reorganisation Control Systems has made moves away from the stricken public sector, but the company will not say whether it is still making losses. The Government is likely to submit its observations to Strasbourg on Yarrow's claim for greater compensation in two or three months. Capital repayment to shareholders of part of the £6m already received is a possibility this year, lending support to the share price, which gained 20p yesterday to 300p, yielding under 4 per cent. That price is at a 30 per cent discount to asset value, and at least 75 per cent covered by cash alone. Vosper holds 25 per cent of the equity.

RESULTS AND ACCOUNTS IN BRIEF

EWART NEW NORTHERN (property developer)—Net profit, half year to October 31, 1981, £13,708 (£14,406) after tax £1,643 (£1,574). Earnings 2.11p (2.22p) per share. Interim dividend 1.0p (same). Profit affected by a reduction in the rates of security grant, allied with expenditure on repairs of non-recurring type. Anticipated that higher profits will be earned for the second half. Board believes major increases in profitability can arise only from development of existing or new property.

ROSEDIMOND INVESTMENT TRUST—Pre-tax profits for year to January 31 1982, £658,719 (£612,457) after expenses of £31,093 (£30,748): tax £270,039 (£221,358) leaving £388,680 (£391,099). Second interim dividend 3.4p (3p) for total of 6.5p (same). Stated earnings per 25p share 6.49p (6.53p), net asset value per share 165.6p (158.8p).

J. JARVIS (building and civil engineering contractor)—Interim dividend 6.7p (6p). Turnover half year to September 30, 1981 £13.15m (£14.95m) profit £275,096 (£245,000), before tax £103,043 (£78,650). Minorities £2,554 (£2,215).

CSC INVESTMENT TRUST—Final dividend 4.5p making 7.75p (same) for 1981. Revenue £161,076 (£166,924), before tax £54,039 (£53,651). Break-up value 116.7p (138.3p) per share.

ENGLISH & NEW YORK TRUST—Results for 1981 reported February 5. Valuation of investments £54.85m (£50.18m); net current liabilities £565,979 (£350,285): Shareholders' funds £52.74m (£48.2m). Meeting, 20 Fenchurch Street, EC, April 6, 2.30 pm.

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$312
GOLD C $350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $375	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $375	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
13¼ NL 81 87-91							
C F.107.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.111.10
C F.110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
C F.112.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
C F.115	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
12 NL 81 86-88							
C F.102.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.104.80
10¼ NL 80 86-95							
C F.92.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.102.40
C F.97.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
C F.100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
C F.102.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
11¼ NL 82 86-92							
C F.102.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.105
C F.105	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
	April		July		Oct.		
AKZO C F.22.50 – UNIL P F.160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MANN C DM. 50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DM141.20

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid C=Call P=Put

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Brooke Bond, Duchie Steels, Guinness Peat, Wolseley-Hughes.

Finals:—J. Bibby, Boddingtons Breweries, Bronx Engineering, Charterhouse Petroleum, Exco International, IMI, Johnstone's Paints, Pittard, Trade Indemnity.

FUTURE DATES

Interims—
Fairview Estates ... Mar 25
Kalamazoo ... Mar 19
Sirdar ... Mar 24
Strong and Fisher ... Mar 24
Trafford Park Estates ... Mar 22

Finals—
BBA ... Mar 25
Brunsons (Musselburgh) ... Mar 26
Cattle's ... Mar 24
Charterhouse Group ... Mar 24
Dorada ... Apr 7
Faircloth Construction ... Mar 23
Friedland Doggart ... Mar 24

LONDON TRADED OPTIONS

Mar. 15 Total Contracts 1,895 Calls 1,666 Puts 299

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	240	40	20	[illegible]	[illegible]	[illegible]	[illegible]	276p
BP (c) – Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		May		August		November		
Barclays (c) – Vaal Rfs. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

Companies and Markets

BIDS AND DEALS

Bunzl in double agreement with American Filtrona

IN A double agreement with American Filtrona Corporation, Bunzl has sold its 49 per cent interest in Bunzl Pulp and Paper Canada to Filrona and bought out Filtrona's 49 per cent minority in Filtrona Brasileira Industria E Commercio of Brazil.

Filtrona is paying U.S.$2.63m (£1.46m) for the Canadian interests while Bunzl is paying U.S.$1.27m (£0.7m) for the Brazilian company, thus giving Bunzl a cash injection of U.S.$1.36m.

The Brazilian company manufactures cigarette filters and quality plastic bottles and tubes. The Canadian operation is primarily engaged in flexible packaging.

Mr Ernest Beaumont, chairman of Bunzl, said yesterday that Bunzl's *earnings would* be increased by approximately £300,000 in a full year as a result of the agreement.

He added "We regard Brazil as one of our most important growth markets, where we already have a business with a turnover of more than £7m a year. In that country Bunzl is a leader in the manufacture of quality plastic bottles and tubes for the cosmetics industry."

The agreement between the two companies also provides that neither two will increase their holdings in the other. The last report and accounts showed that Bunzl had 20 per cent of AMF while AMF had 10.3 per cent of Bunzl.

Prudential holds 5.14% of Fleet Hldgs.

Prudential Corporation, the insurance group, emerged yesterday as a substantial shareholder in Fleet Holdings, the newly formed spin-off of the Trafalgar House newspaper and publishing interests.

The Prudential holds 3.09m shares in Fleet, which runs the Express group, and its holding represents 5.14 per cent of the total equity.

SANLAM STAKE IN GKN SOUTH AFRICA

Sanlam, the South African insurance and financial services group, has acquired a 25 per cent interest in Guest, Keen and Nettlefolds' local subsidiary through an issue of shares worth R10.5m (£5.71m).

GKN South Africa, made profits of some R10m last year on sales of R100m. It has extensive interests in the manufacture of scaffolding, automotive components, steel furniture and welding electrodes. The company also operates a pallet hire service and processes structural steel products.

Mr Robin Holliday, the chief executive of GKN South Africa, said the sale of shares to Sanlam would increase the company's local borrowing capacity. Foreign exchange controls restrict domestic borrowings by foreign-controlled companies.

Mr Holliday added that GKN had "no intention" of withdrawing from South Africa.

Panel to meet again on ACC share purchase

A formal session of the Takeover Panel, specially convened to examine the purchase of a block of 925,000 non-voting "A" shares in Associated Communications Corporation, at the centre of a takeover battle between Heron Corporation and business interests of Mr Robert Holmes à Court, was adjourned yesterday.

The Panel's inquiry is to continue at a date to be agreed with the parties involved in the affair.

Mr Holmes à Court, the Australian entrepreneur, met the Panel yesterday at its specially convened session to discuss the purchase by his business interests of 925,000 non-voting shares in ACC.

The share purchases, made over a four-day period, triggered an investigation by the Panel and forced Mr Holmes à Court to raise his proposed takeover bid for ACC to 95p per share. That represented a 10p per share increase on an earlier offer made by the Australian for ACC's quoted non-voting equity.

The share purchases were made by TVW Enterprises, an associate company of Mr Holmes à Court's Bell Group. TVW paid up to 95p per share for its 925,000 block of non-voting shares.

Under the rules of the City code on Takeovers and Mergers Mr Holmes a Court was obliged to revise his offer to take account of the new and highest price he was prepared to pay for his shares, and to announce the new bid immediately.

Callard & Bowser sold

BREWER Arthur Guinness and Sons has sold its loss making confectionary subsidiary Callard and Bowser Nuttall to Chicago-based Beatrice Foods Company for £4m cash. News that Guinness was in talks with an unnamed party to sell the troubled company, wel known as the maker of Nuttaill Mintoes, was revealed last November.

The consideration will be paid, with interest, over the next two years. Provision for the extraordinary write-offs expected to arise as a result of the deal was made in the brewer's 1980-81 accounts.

Beatrice is a leading U.S. diversified food company employing some 80,000 people in over 90 companies. It has earnings of around $300m (£167m), on sales of $9bn.

Its interests in the UK and the rest of Europe account for around a ninth of total sales.

Mr Haydn Williams, chairman and managing director of Smith Kendon, a Beatrice company in Britain, will take up similar positions at Callard which will continue to trade under its existing name.

Callard employs about 1,200 people at its main factory in Hayes Middlesex and a smaller operation in Halifax. It was acquired by Guinness in the early 1950s and was the brewer's principal involvement with confectionery. Despite cutbacks and closure of its Doncaster factory Callard's loss climbed to £1.3m in the year to September.

NCC Energy plan delayed

NCC Energy, the UK investment company controlled by Mr Graham Ferguson Lacey, now intends to delay its plans to achieve a "combination" between itself and Simplicity Patterns, the U.S. paper patterns company.

NCC has extensive influence in Simplicity's boardroom although merger plans have so far not been implemented. Of the 11-strong board members seven are either NCC board members or NCC nominees.

Explaining the further delay of merger plans Mr Lacey said yesterday that after a Simplicity board meeting on March 12 the directors who were not connected with NCC were told that the combination of the two groups was to be postponed in order to take advantage of investment opportunities.

"The new board of Simplicity considers that the material change in energy and stock market values over the last 90 days provides excellent opportunities for Simplicity to invest its substantial resources," it was said yesterday.

Simplicity has decided to embark upon an acquisition programme designed "to provide the company with both capital and earnings growth."

Simplicity is looking for acquisitions in oil and gas sectors in the U.S. and energy and mineral opportunities in Australia. Other acquisitions, unrelated to the energy industry are planned. The acquisition programme is expected to be underway this year.

A special committee of the board has been formed "to consider and investigate the further development of the relationship between Simplicity and NCC to the advantage of all shareholders," said NCC.

Sketchley reaffirms Means offer

Sketchley, Britain's biggest dry cleaning group, reaffirmed yesterday that its offer worth $40.6m for Means Services, a Chicago-based linen and garment hirer, "still remains in force."

Sketchley said that it has no plans to vary the terms of the offer which has been topped by ARA Services, the New York-based conglomerate.

Sketchley offered $33 a share for Mean Services, but the counter offer from ARA for Mean is worth $37 per share.

Sketchley said yesterday that it "awaits with interest the clarification of any anti-trust problems which might arise in connection with the offer." ARA's offer is being examined by the Anti-Trust Division of the U.S. Justice Department.

Lord Forte defends Savoy investment

Lord Forte, chairman of Trusthouse Forte, called on shareholders at the annual general meeting yesterday to be patient about the group's £36m investment in The Savoy Hotel group.

"If we have patience, one day—who knows—we may be in there. And once in there, we will do what we can to make it more profitable."

In last year's bid, THF acquired 65 per cent of the Savoy shares, but only 40 per cent of the votes, and so has been unable to take control of the loss-making hotels group.

"If we could manage or assist in the management—and we have never been insulting to them—we think we could help them to show a better return on investment," Lord Forte said.

He admitted in response to one shareholder's question that the Savoy was not yet a successful investment.

"I won't say this is the best investment I have made in my life for shareholders but it has valuable assets and they are understated."

Commenting on current trading, the chairman said the trend did not show a very dramatic change but bookings in recent weeks had improved. He expected the lower value of sterling against the U.S. dollar would help the group's UK hotels.

FEDERATED LAND

The directors of Federated Land have considered the announcement by M. P. Kent Limited of its proposal to make an offer for Federated.

After consultation with their financial advisers, Lazard Brothers, they consider Kent's proposal to be "wholly unacceptable." They will be writing to shareholders in the near future.

HAYS GROUP

Hays offer for Leadenhall has become unconditional.

Acceptances of the offer have been received in respect of 3.63m ordinary stock units (80.7 per cent of the issued capital).

The offer remains conditional upon approval by Leadenhall's stockholders at an extraordinary general meeting on March 22 1982.

The offer remains open until at least April 15

London and Continental Advertising Holdings—On January 27 R de Young, director, sold ord shares reducing his holding from 2,364,568 to 2,250,000 shares.

Burns-Anderson—Mr Richard Lee, director, purchased 25,000 ord shares.

MINING NEWS

Falconbridge's rich copper ore

BY KENNETH MARSTON, MINING EDITOR

FIRST OFFICIAL news of Corporation Falconbridge Copper's Ansil find in north-west Quebec confirms many hopes, reports John Soganich from Toronto. Latest estimates based on *widely spaced deep drillholes* indicate massive sulphides gradings rich 7 per cent copper with modest volues of zinc, silver and gold.

More than 2m short tons of ore have been so far indicated and the deposit remains open at depth to the east. The company's remaining Corbet mine in the *Noranda district has reserves of* 2.3m tons averaging 3.08 per cent copper.

The latter property's plant could be used to treat ore from Ansil. So far, however, no decision has been made on when the Ansil deposit will be taken to production, cost estimates are reckoned to be in the region of C$50m (£22.9m).

Falconbridge Nickel, which holds 50.2 per cent of Falconbridge Copper, expects nickel demand and prices to remain weak *at least until* the second half of this year. The company is thus conserving its cash resources by reducing exploration and development expenditure as well as capital and operating costs.

Falonbridge Nickel also has a stake of 19.16 per cent in the gold-producing Giant Yellowknife. *The latter reports a 1981* loss of C$200,000 compared with a profit of C$6.3m in the previous year. The change of fortunes reflects higher costs coupled with a fall in the gold price received to C$524 per ounce. Operating costs equalled almost C$450 per ounce against C$438 in 1980.

Profits shrink at Atlas Cons.

ONE of the world's leading copper producers, Atlas Consolidated Mining and Smelting in the Philippines, saw earnings slump last year despite increased output of copper, gold and silver. They dropped to Pesos 3.53m (£235,600) from Pesos 325m in 1980.

Higher costs and lower metal prices took their toll of earnings. The export price for copepr fell to 75.7 U.S. cents per lb from 95.4 cents; gold came back to $426 per oz from $529; and there were also declines in the prices received for the company's silver and pyrite.

Atlas operates a copper project in Toledo, Cebu Island, central Philippines, and a gold mine at Aroroy on Masbate Island.

Israel's rising emerald trade

ISRAEL NOW accounts for 50 per cent of the world production of polished emeralds, with the emphasis on high class African stones, reports our Tel Aviv correspondent.

The 12 firms specialising in emeralds carry every shape, size, and colour in all quality ranges and from all origins. Current market interest centres on commercial goods in the $150 to $800 per carat price range.

Exports are expected to rise further this year from the 1981 figure of $45.5m. It is claimed that with the application of original technology, an Israeli polished can finish more than 50 stones a day as compared to about seven in low wage polishing centres.

ROUND-UP

Canada's Placer Development, in which Noranda has a 32.7 per cent stake, is further cutting its output of molybdenum at the Endako mine in British Columbia as a result of the depressed market for the steel-alloying metal. Following earlier cutbacks, Endako's output this year will fall to 4.4m lb of contained molybdenum from an annual capacity of 15m lb. Stocks now stand at 11m lb compared with Placer's sales of 7.5m lb in 1981.

* * *

The Rio Tinto-Zinc group's Hamersley iron ore giant in Western Australia thinks that iron ore prices will rise this year "reflecting some recognition by steelmakers of the problems confronting the iron ore industry *worldwide.*" *But the company's* sales are expected to remain at a depressed level, well below capacity, in the absence of a recovery in the market for steel.

* * *

Allied Eneabba, the Western Australian producer of mineral sands, has again fixed a substantial portion of sales for the current year in anticipation of weaker conditions in the second half. Improved prices for zircon are expected to offset declining returns from rutile. The General Mining Union Corporation group's Cudgen RZ, however, remains confident in view of its low costs.

* * *

The Australian gold-producing North Kalgurli, in which Metals Exploration now has a stake of 35 per cent, is reported to have decided that the half-yearly *report to January 5 cannot be* issued owing to the lack of adequate financial information. Four new directors appointed to the board have called for further information about the state of the mine and the company's prospects. Accordingly, an independent firm of chartered accountants has been appointed to review the company's position.

* * *

Haoma Gold Mines has received acceptances to its offer for North West Mining representing 90.3 per cent of the latter's issued share capital. Shares for which acceptances have not been received after the offer closes on May 9 will be compulsorily acquired. Haoma has now changed its name to Haoma North West.

MUNTON BROTHERS

Munton Brothers has agreed to acquire Banner Textiles (Northern Ireland) for £20,000 cash. Banner, a wholly-owend subsidiary of William Pickles, is a manufacturer of shirts and pyjamas and is based at Lurgan, near Belfast, empolying 170 full-time staff.

Munton will procure the repayment over a four-month period from completion of Banner's intra-group indebted*ness of £94,000. The remaining* intro-group indebtedness will be written off.

Banner incurred a pre-tax loss of £134,020 during 1981.

BASE LENDING RATES

A.B.N. Bank	13 %	Robert Fraser	14 %
Allied Irish Bank	13 %	Grindlays Bank	‡13 %
American Express Bk.	13½%	■ Guinness Mahon	13 %
Amro Bank	13 %	■ Hambros Bank	13 %
Henry Ansbacher	13 %	Heritable & Gen. Trust	13 %
Arbuthnot Latham	13 %	■ Hill Samuel	§13 %
Associates Cap. Corp.	13 %	C. Hoare & Co.	†13 %
Banco de Bilbao	13 %	Hongkong & Shanghai	13 %
BCCI	13½%	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14½%
Bank Street Sec. Ltd.	15 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13½%	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	14 %	E. S. Schwab	13 %
Brit. Bank of Mid. East	13 %	Slavenburg's Bank	13 %
■ Brown Shipley	13 %	Standard Chartered	‖13 %
Canada Perm't Trust	14 %	Trade Dev. Bank	13 %
Castle Court Trust Ltd.	13½%	Trustee Savings Bank	13 %
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	13 %
Cayzer Ltd.	13 %	United Bank of Kuwait	13 %
Cedar Holdings	14 %	Whiteaway Laidlaw	13½%
■ Charterhouse Japhet	13½%	Williams & Glyn's	13 %
Choulartons	14 %	Wintrust Secs. Ltd.	13 %
Citibank Savings	¶12½%	Yorkshire Bank	13 %
Clydesdale Bank	13 %		
C. E. Coates	14 %		
Consolidated Credits	13½%		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13½%		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

IMI reorganisation

IMI IS to reorganise its fluid power group of companies to strengthen its competitive position in world markets and to exploit more fully its range of equipment for the pneumatics industry.

The principal European operations will be managed from April 5 by a new company, IMI Norgren Enots, resulting from the merger of IMI-Norgren Shipston, IMI Enots and IMI Pneumatics, together with certain smaller subsidiaries.

The headquarters will be in Stratford-upon-Avon, and its main plants will be in Shipson-on-Stour and Lichfield in the UK and, through its subsidiary Norgren Italia, in Milan. Selling operations will be structured as at present in the UK, through sales depots and the various branches of IMI Pneumatics, and overseas through the world-wide network of subsidiaries, associates, licensees and agents.

IMI's substantial fluid power interests in the America's, centred on the C. A. Norgren Company in Denver, Colorado, with off-shoots in Canada, Mexico and Brazil will not be significantly affected by the reorganisation, but the international effectiveness of the group is to be improved

THE TRING HALL USM INDEX
117.9 (+1.2)
close of business 15/3/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 564-569 (+2)

APPOINTMENTS

Five chief executives for BTR

BTR INDUSTRIES has appointed five group chief executives. Each will be responsible for the activties of a number of companies. Existing group chief executives Mr A. W. F. Bird and Mr J. D. M. Smith assume control of the materials handling and industrial groups respectively. They are joined by three newly appointed Group Chief Executives from within BTR, Mr S. Douglass, Mr J. M. Kent and Mr C. J. Stearnes. Mr Douglass takes the construction group, Mr Kent the composite materials group, and Mr Stearnes the general products group.

★

Mr Douglas Sarchett and Mr David Watts, directors of GARTMORE PENSION FUND MANAGERS, have been appointed chairman and managing director respectively. Mr Piers Mountstephens has been appointed a director. Gartmore Pension Fund Managers is a subsidiary of Gartmore Investment Management, which is wholly-owned by Gayzer Gartmore.

★

Mr Giles Conway-Gordon has been appointed managing director of OVERLAND TRUST, newly-formed to act as the London representative office of Overland Trust Bank, Lugano.

★

Mr John G. Porter has been appointed director and chief executive of the NATIONAL ENGINEERING CONSTRUCTION. He is a former director TION, He is a former director of operations of the Engineering Employers' Federation.

★

Mr Ron Page, head of the commercial department of the BRITISH ELECTRICAL AND ALLIED MANUFACTURERS' ASSOCIATION (BEAMA), has been appointed to take on overall responsibility for the department concerned with the administration of three federated associations within BEAMA, the BEAMA Transmission and Distribution Association (BTDA), the Electrical and Electronic Insulation Association (EEIA) and the British (ac) Capacitor Manufacturers' Association (BCMA). Additionally, he has been appointed director of BTDA. Mr Gordon Antonio, in addition to his duties as secretary to BCMA, has been appointed director of EEIA.

★

Mr Dennis Bestwick has been appointed technical director of ANGLO OVERSEAS CONSTRUCTION CORPORATION, parent company of Burnett and Hallamshire's property division.

★

The RANK ORGANISATION has appointed Mr Douglas Yates, as finance director. He is currently group finance director of International Paint and will take up his new post on May 10.

★

BUNTING TITANIUM, Birmingham, has appointed Mr John Downes Ryder as managing director.

★

ROYAL LONDON MUTUAL INSURANCE SOCIETY has appointed Mr W. H. Forsey as deputy chairman, in addition to his duties as chief general manager.

★

STANDARD LIFE ASSURANCE COMPANY, Edinburgh, has made the following appointments from April 16. Mr R. A. Barfield to be assistant investment manager (UK); and Mr K. G. Forman to be assistant investment manager (overseas). Mr A. R. Forbes has become portfolio manager.

★

UK PROVIDENT has appointed Mr Keith Ford to the company's stock exchange investment department as manager (special investment projects). He comes from Deloitte Haskins and Sells.

★

Mr Bill Reading has joined the board of YOUNG AUSTEN AND YOUNG from Andrews-Weatherfoil where he was a main board director. Young Austen and Young is a member of the UK building division of the Trafalgar House Group.

★

Mr Paul Anthony Smelt has been appointed group finance director of TELEFUSION. He was chief accountant.

★

Mr Peter J. Lyons has been appointed managing director of TALLEY GENERAL TIME. He was formerly vice-president of European marketing for Singer Sewing Machine Company. The former managing director, Mr John E. Santos, is retiring but will continue to be involved with the company as a special consultant.

★

Mr Peter N. Barton, MASSEY-FERGUSON'S director farm machinery sales and service for the UK and Ireland, has been appointed director marketing services for the company's Europe and world export operations. He will continue to be based at Coventry.

★

The ROYAL LONDON MUTUAL INSURANCE SOCIETY has appointed Mr M. J. Pickard, director and actuary, as deputy chief general manager.

★

Mr David Quinn has been appointed managing director of LCP DEVELOPMENTS, the company responsible for the management of five Midland industrial estates at Pensnett, Stourbridge, Willenhall, Woods Bank and Kidderminster.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ...| US$43.84 |-0.16| 1.87

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ....|£14.61 14.62|-0.03| —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933

Eurotax Investments Ltd.

[illegible]

CURRENCIES, MONEY and GOLD

Dollar steady

The dollar was steady in currency markets yesterday with trading rather dull and featureless. Euro-dollar rates were slightly higher in places and Federal funds were firm, helping to underpin the U.S. unit. Friday's rise in U.S. money supply appeared to have a limited effect on trading in London.

Sterling showed a firmer tendency with short-term interest rates remaining high due to shortages of liquidity in the money market.

The French franc was the weakest member of the European Monetary System yesterday and the Bank of France gave support during the day. The Dutch guilder remained the strongest member followed by the Danish krone.

DOLLAR — Trade weighted index (Bank of England) 113.6 against 113.7 on Friday and 108.8 six months ago. Three-month Treasury bills 12.84 per cent (14.26 per cent six months ago). Annual inflation 8.4 per cent (8.9 per cent previous month)—The dollar eased in early trading as Euro-dollar rates fell but the latter started to rise after the entry of New York and the dollar finished at its best level of the day. However it was still slightly down from Friday's closing levels in London. Against the D-mark it finished at DM 2.3735 compared with DM 2.3770 and SwFr 1.8770 from SwFr 1.8790.

STERLING—Trade weighted index 90.3 unchanged from noon, and compared with 90.2 at the opening and 90.1 on Friday (88.5 six months ago). Three-month interbank $13\frac{7}{16}$ per cent ($14\frac{3}{4}$ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8075 and touched a best level of $1.8110 in the morning. It stayed around $1.8075 for much of the day before slipping to a low of $1.8010 during the afternoon and closing at $1.8045-1.8055, a rise of 55 points. Against the D-mark it rose to DM 4.2850 from DM 4.28 and SwFr 3.3900 from SwFr 3.3825.

D-MARK — EMS member (central position). Trade weighted index 122.5 against 122.4 on Friday and 118.9 six months ago. Three-month interbank 9.875 per cent (12.55 per cent six months ago). Annual inflation 5.8 per cent (6.3 per cent previous month)—The D-mark was generally firmer in Frankfurt yesterday in dull and featureless trading. Euro-dollar rates were slightly higher although the dollar showed little reaction to this or Friday's money supply figures. The dollar was fixed at DM 2.3675 compared with DM 2.3770 on Friday and the Bundesbank sold $15.05m. Sterling was also lower at DM 4.2790 against DM 4.2870 and the Swiss franc slipped to DM 1.2666 from DM 1.2667. Within the EMS the French franc fell to DM 38.95 per FFr 100 from DM 39.0050 and the Dutch guilder to DM 91.3 per Fl 100 from DM 91.33.

FRENCH FRANC — EMS member (weakest). Trade weighted index unchanged at 79.6 and 83.2 six months ago. Three-month interbank $14\frac{7}{16}$ per cent ($17\frac{1}{16}$ per cent six months ago). Annual inflation 13.9 per cent (14 per cent previous month)—The French franc was weaker at yesterday's fixing in Paris. It was placed at the bottom of the EMS and was fixed at its worst level against the D-mark since last October's currency realignment. The D-mark rose to FFr 2.5675 from FFr 2.5648 on Friday and the Bank of France gave support to the franc, selling over DM 100 at the fixing. The Dutch guilder rose to FFr 2.3459 from FFr 2.3438 and the Belgian franc to FFr 13.8750 per BFr 100 from FFr 13.8610.

THE POUND SPOT AND FORWARD

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8010-1.8110	1.8045-1.8055	0.22-0.32c dis	-1.79	0.72-0.82dis	-1.77
Canada	2.1950-2.2000	2.1970-2.1980	0.32-0.42c dis	-2.07	1.40-1.50dis	-2.64
Nethlnd.	4.67½-4.70½	4.68½-4.69½	2¼-1¼c pm	4.48	4⅞-3⅞ pm	3.73
Belgium	79.05-79.40	79.25-79.35	5-16c dis	-1.51	29-38 dis	-1.51
Denmark	14.34-14.39	14.38-14.39	1⅞-3ore dis	-2.03	9-7½ dis	-2.26
Ireland	1.2120-1.2185	1.2135-1.2150	0.60-0.70p dis	-6.47	1.18-1.35dis	[illegible]
W. Ger.	4.28½-4.29½	4.28-4.29	1½-1¼pf pm	4.20	4⅛-4 pm	3.87
Portugal	125.25-126.00	125.60-125.90	65-190c dis	-12.77	190-485 dis	-8.58
Spain	187.50-188.25	187.65-187.95	20-65c dis	-2.08	115-185 dis	-3.16
Italy	2,310-2,318	2,313-2,315	17-20lire dis	-9.59	46-53 dis	-4.75
Norway	10.80-10.84	10.81½-10.82½	¾-1¾ore dis	-1.25	12½-15½ dis	-4.52
France	10.98-11.01	10.99-11.00	4-5c dis	-4.91	19-21 dis	-3.92
Sweden	10.46-10.50	10.48½-10.49½	1¼-¼ore pm	0.93	2½-2 pm	0.86
Japan	430-436	433½-434½	2.75-2.45y pm	7.19	7.25-6.95 pm	6.53
Austria	29.95-30.10	30.03-30.08	17-13gro pm	5.99	39-30 pm	4.60
Switz.	3.37-3.40	3.38½-3.39½	2⅝-2⅛c pm	8.41	5⅞-5⅛ pm	6.48

Belgian rate is for convertible francs. Financial franc 88.30-88.40. Six-month forward dollar 1.60-1.70c dis. 12-month 2.70-2.80c dis.

THE DOLLAR SPOT AND FORWARD

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8010-1.8110	1.8045-1.8055	0.22-0.32c dis	-1.79	0.72-0.82dis	-1.77
Ireland†	1.4850-1.4910	1.4855-1.4885	0.55-0.65c pm	4.84	1.65-1.55 pm	4.30
Canada	1.2155-1.2180	1.2175-1.2180	0.10-0.13c dis	-1.13	0.25-0.29dis	-0.89
Nethlnd.	2.5910-2.6020	2.5990-2.6000	1.40-1.30c pm	6.22	3.70-3.60 pm	5.62
Belgium	43.75-43.94	43.92-43.94	2c pm-1 dis	0.14	5 pm-par	0.23
Denmark	7.9440-7.9750	7.9660-7.9760	0.15-0.30ore dis	-0.34	0.50-1.80dis	-0.36
W. Ger.	2.3705-2.3770	2.3730-2.3740	1.15-1.10pf pm	5.69	3.17-3.12 pm	5.30
Portugal	69.50-69.85	69.60-69.80	30-95c dis	-10.76	80-190 dis	-7.76
Spain	103.90-104.15	104.00-104.05	8-18c dis	-1.50	45-55 dis	-1.92
Italy	1,278-1,283½	1,282-1,282½	9-10lire dis	-8.89	21-26 dis	-7.33
Norway	5.9845-6.0000	5.9900-6.0000	0.80-1.05ore dis	-1.85	2.75-3.05 dis	-1.93
France	6.0550-6.0975	6.0900-6.0950	1.20-2.00c dis	-3.15	6.05-6.00 dis	-3.78
Sweden	5.7890-5.8180	5.8050-5.8150	1.25-1.15ore pm	2.48	3.70-3.35 pm	2.42
Japan	239.30-240.60	240.30-240.40	1.80-1.65y pm	8.61	4.85-4.70 pm	7.95
Austria	16.60-16.86½	16.65-16.68	11.9-9gro pm	7.42	34-29 pm	7.55
Switz.	1.8650-1.8775	1.8765-1.8775	1.50-1.40c pm	10.10	4.05-3.92 pm	8.49

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 15	Bank of England Index	Morgan Guaranty Changes %
Sterling	90.3	-33.2
U.S. dollar	113.6	+6.3
Canadian dollar	88.4	-17.8
Austrian schilling	116.0	+26.4
Belgian franc	96.1	-0.7
Danish kroner	84.1	-12.8
Deutsche mark	122.5	+45.5
Swiss franc	145.1	+107.4
Guilder	115.1	+21.8
French franc	79.6	-16.4
Lira	54.9	-57.8
Yen	136.3	+30.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.594091	0.564180
U.S. $	12	1.13490	1.01594
Canadian $	15.09	1.36697	1.23448
Austria Sch.	6¾	18.9475	16.9416
Belgian F.	13	49.5081	44.6699
Danish Kr.	11	8.97157	8.10047
D mark	7½	2.70565	2.42452
Guilder	8½	2.92854	[illegible]
French Fr.	9½	6.95678	6.19721
Lira	19	1444.24	1305.11
Yen	5½	268.940	241.778
Norwgn. Kr.	9	6.75667	6.09836
Spanish Pts.	8	117.492	106.346
Swedish Kr.	10	6.54184	[illegible]
Swiss Fr.	6	2.10866	1.90790
Greek Dr'ch.	20½	—	[illegible]

OTHER CURRENCIES

Mar. 15	£	$		£ Note Rates
Argentina Peso	19,827-18,647†	10,950-11,091†	Austria	29.90-30.20
Australia Dollar	1.7040-1.7060	0.9445-0.9450	Belgium	87.55-88.55
Brazil Cruzeiro	269.30-259.30	143.38-143.49	Denmark	14.31-14.45
Finland Markka	8.303-8.316	4.6460-4.5580	France	10.92-11.02
Greek Drachma	118.280-121.161	65.28-67.15	Germany	4.25-4.29
Hong Kong Dollar	10.380-10.395	5.7590-5.7640	Italy	2280-2335
Iran Rial	147.50*	81.60*	Japan	430-440
Kuwait Dinar (KD)	0.510-0.516	0.2844-0.2846	Netherlands	4.66½-4.70½
Luxembourg Fr.	79.25-79.35	43.92-43.94	Norway	10.79-10.89
Malaysia Dollar	4.1690-4.1990	2.3050-2.3090	Portugal	131-141
New Zealand Dir.	2.3165-2.320	1.2835-1.2845	Spain	183¾-193¾
Saudi Arab. Riyal	6.205-6.215	3.4196-3.4215	Sweden	10.45-10.55
Singapore Dollar	3.8190-3.8390	2.1170-2.1190	Switzerland	3.36½-3.40½
Sth. African Rand	1.8645-1.8655	1.0330-1.0340	United States	1.79½-1.81½
U.A.E. Dirham	6.60-6.66	3.6715-3.6735	Yugoslavia	93-100

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9643	44.6987	-0.61	-0.30	±1.5367
Danish Krone	8.18382	8.10047	-1.01	-0.70	±1.6425
German D-Mark	2.41815	[illegible]	-0.20	-0.19	[illegible]
French Franc	6.19564	6.19721	+0.03	+0.04	±1.3743
Dutch Guilder	2.67296	2.63859	-1.03	-1.02	±1.5069
Irish Punt	0.686789	0.684534	-0.33	-0.32	±1.6689
Italian Lira	1305.13	1305.11	—	—	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 15 0.564257

EXCHANGE CROSS RATES

Mar. 15	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.805	4.285	434.0	10.995	3.390	4.693	2314.	2.198	79.30
U.S. Dollar	0.554	1.	2.374	240.4	6.091	1.878	2.600	1282.	1.217	43.93
Deutschemark	0.233	0.421	1.	101.3	2.566	0.791	1.095	540.0	0.513	18.51
Japanese Yen 1,000	2.304	4.159	9.873	1000.	25.33	7.811	10.81	5332.	5.063	182.7
French Franc 10	0.910	1.642	3.897	394.7	10.	3.083	4.268	2105.	1.999	72.12
Swiss Franc	0.295	0.532	1.264	128.0	3.243	1.	1.384	682.6	0.648	23.39
Dutch Guilder	0.213	0.385	0.913	92.49	2.343	0.722	1.	493.1	0.468	16.90
Italian Lira 1,000	0.432	0.780	1.852	187.6	4.752	1.465	2.028	1000.	0.950	34.27
Canadian Dollar	0.455	0.821	1.950	197.5	5.003	1.543	2.135	1053.	1.	36.09
Belgian Franc 100	1.261	2.276	5.404	547.3	13.87	4.275	5.917	2918.	2.771	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 7/8	offer 15	bid 14 7/8	offer 15

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅞-14	15¼-15½	12-13	9⅜-9½	1½-2	$9\frac{7}{16}$-$9\frac{9}{16}$	17-20	21-24	12½-13½	$6\frac{5}{16}$-$6\frac{7}{16}$
7 days' notice	14⅛-14¼	15½-15⅝	12-13	9⅜-9½	2¼-2¾	$9\frac{7}{16}$-$9\frac{9}{16}$	17-20	23-25	13½-15½	6⅝-6¾
Month	13¾-13⅞	15 15¼	15⅜-15⅝	9⅛-9¼	5¾-5⅞	$9\frac{7}{16}$-$9\frac{9}{16}$	18-18⅝	22⅜-23¼	14¼-15¾	$6\frac{11}{16}$-$6\frac{13}{16}$
Three months	13½-13⅝	15-15¼	15⅛-15⅞	9⅛-9¼	$6\frac{5}{16}$-$6\frac{7}{16}$	9⅜-9½	18-18⅝	28-22⅝	14⅛-15⅛	6⅝-6¾
Six months	13⅜-13½	15-15¼	15⅝-16	9⅛-9¼	6⅞-7	9⅜-9½	18-18⅝	21⅞-22½	14½-15½	6⅝-6¾
One Year	13⅜-13½	14⅞-15⅛	$15\frac{5}{16}$-$16\frac{5}{16}$	9⅛-9¼	$7\frac{1}{16}$-$7\frac{3}{16}$	$9\frac{5}{16}$-$9\frac{7}{16}$	18¼-18⅞	22½-22⅜	14½-15½	6⅝-6¾

BFr (financial): short-term 12½-13½ per cent; seven days' notice 13¾-13½ per cent; one month 13½-13¾ per cent; three months 13¾-14 per cent; six months 13⅞-14⅞ per cent; one year 14-14¾ per cent.

SDR linked deposits: one month $12\frac{9}{16}$-$12\frac{15}{16}$ per cent; three months 12⅝-13 per cent; six months 12¼-13⅞ per cent; one year $12\frac{15}{16}$-$13\frac{1}{16}$ per cent.

ECU linked deposits: one month $12\frac{11}{16}$-$13\frac{1}{16}$ per cent; three months 12¾-13⅛ per cent; six months $12\frac{15}{16}$-$13\frac{5}{16}$ per cent; one year $12\frac{15}{16}$-$13\frac{5}{16}$ per cent.

Asian $ (closing rates in Singapore): one month $14\frac{13}{16}$-$14\frac{15}{16}$ per cent; three months 14⅞-15 per cent; six months 14⅞-15 per cent; one year 14⅞-15 per cent. Long-term Eurodollar two years 15-15½ per cent; three years 15¼-15⅞ per cent; four years 15¼-15½ per cent; five years 15⅜-15⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.80-14.90 per cent; three months 14.80-14.90 per cent; six months 14.85-14.95 per cent; one year 14.85-14.95 per cent.

MONEY MARKETS

London rates firm

London clearing bank base lending rate 13 per cent (since March 12)

The London money market reacted nervously to the larger than expected rise in last week's U.S. money supply figures. Interest rates showed a slightly firmer trend, but traded within a fairly narrow range as sterling remained above the $1.80 level throughout the day.

In the interbank market three-month funds rose to 13⅝-13½ per cent from $13\frac{7}{16}$-$13\frac{5}{16}$ per cent, and discount houses buying rates for three-month eligible bank bills firmed to $12\frac{13}{16}$-12¾ per cent from $12\frac{11}{32}$-$12\frac{9}{16}$ per cent. The Bank of England left its money market dealing rates unchanged for all bands, but after London had finished trading some U.S. banks raised their broker loan rates, which often heralds an increase in prime lending rates.

Day-to-day credit was in short supply, and the authorities gave total help of £848m to the market following the revision of early morning forecast. This included a substantial one week repurchase agreement on bills at 13-13⅛ per cent.

Despite the assistance overnight money finished very tight at around 20 per cent in interbank trading, after touching a low of 13¾ per cent, and moving up to around 16 per cent shortly before the close. Discount houses paid 13 per cent for secured call loans throughout.

In the morning the Bank of England forecast a shortage of around £800m, but this was amended to £850m in the afternoon. A fall in the note circulation, after the weekend, helped the market to the extent of +£175m, but this was heavily outweighted by bills maturing in official hands and a net market take-up of Treasury bills amounting to −£533m, and Exchequer transactions of −£385m.

Assistance of £379m was provided by the authorities in the morning through purchases of £118m bank bills in band 2 15-33 days maturity) at 13 per cent; £1m local authority bills in band 3 (34-63 days) at 12⅞ per cent; £87m bank bills in band 3 at 12⅞ per cent; £5m Treasury bills in band 4 (64-81 days) at 12½ per cent; £9m local authority bills in band 4 at 12½ per cent; and £159m bank bills in band 4 (64-84 days) at 12½ per cent.

Additional help of £469m was given in the fafternoon, when the Bank of England bought £2m bank bills in band 1 (up to 14 days maturity) at 13⅛ per cent; £45m bank bills in band 2 at 13 per cent; and £32m bank bills in band 3 at 12⅞ per cent. This made total outright purchases of £79m in the afternoon, but on top the authorities also bought £390m bills for resale to the market next Monday at interest rates of 13 to 13⅛ per cent.

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GOLD

Further fall

Gold fell $10¼ an ounce from Friday's close to finish at $313-$314 in the London bullion market yesterday. This was its worst closing level since late August 1979. It recovered from a low of $31-312, having opened at $311½-$312½ but sentiment remained bearish with little to encourage buying interest.

In Paris the 12½ kilo bar was fixed at FFr 62,000 per kilo ($317.01 per ounce) in the afternoon compared with FFr 61,500 ($315.13) in the morning and FFr 64,000 ($326.54) on Friday afternoon.

In Frankfurt gold closed at $312-313 down from $323-324 and in Zurich it finished at $312½-$313½ compared with $322-325 previously.

	Mar. 15		Mar. 12	
Gold Bullion (fine ounce)				
Close	$313-314	(£173¾-174¼)	$323¼-324¼	(£179½-180)
Opening	$311½-312½	(£173¼-173¾)	$325-326	(£180¼-180¾)
Morning fixing	$314.25	(£173.763)	$322.50	(£178.869)
Afternoon fixing	$312	(£172.824)	$323.25	(£179.613)
Gold Coins				
Krugerrand	$322¼-323	(£178½-179)	$332¾-333½	(£185-185¼)
1/2 Krugerrand	$165¾-166¾	(£91¾-92½)	$171-172	(£95-95½)
1/4 Krugerrand	$84½-85½	(£46¾-47¼)	$87-88	(£48¼-49)
1/10 Krugerrand	$34½-35½	(£19-19¾)	$35½-36½	(£19½-20¼)
Mapleleaf	$323½-324½	(£179¼-179¾)	$333½-334½	(£185¼-185¾)
New Sovereigns	$76½-77	(£42½-42¾)	$79-79½	(£44-44¼)
King Sovereigns	$92-93	(£51-51½)	$95-96	(£52¾-53¼)
Victoria Sovs	$92-93	(£51-51½)	$95-96	(£52¾-53¼)
French 20s	$76-86	(£42-47¾)	$78-88	(£43¼-49)
50 pesos Mexico	$384½-387½	(£213¼-214¾)	$397-400	(£220½-222¼)
100 Cor. Austria	$303-306	(£168-169½)	$313-315	(£174-175)
$20 Eagles	$456-461	(£258¾-255½)	$465-470	(£258½-261¼)

MONEY RATES

NEW YORK

Prime rate	16-16½
Fed. funds (lunch-time)	15¼-15½
Treasury bills (13-week)	12.84
Treasury bills (26-week)	12.84

GERMANY

Special Lombard	10.00
Overnight rate	9.95
One month	10.00
Three months	9.875
Six months	9.675

FRANCE

Intervention rate	14.00
Overnight rate	14.25
One month	14.3125
Three months	14.4375
Six months	14.4375

JAPAN

Discount rate	5.50
Call (unconditional)	6.59375
Bill discount (three-month)	6.53125

LONDON MONEY RATES

Mar. 15 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¾-20	13⅞	—	—	13⅞	13	—	—	—
2 days notice	—	—	13⅛-13⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14⅛	13½-13¾	—	—	14¼-14½	13	—	—	—
One month	13¾-13⅝	13⅝-13¾	13⅝	14¼-14	$13\frac{15}{16}$	14	12⅞-13	—	—	—
Two months	13⅝-$13\frac{7}{16}$	13½-13⅝	—	14⅛-13⅞	13⅝	13⅞	12⅞-12¾	$13\frac{1}{32}$	$12\frac{15}{16}$-13⅛	13⅞
Three months	13½-$13\frac{7}{16}$	13⅜-13½	13½	14-13¾	$13\frac{9}{16}$	13¾	12⅝-12½	12¾	$12\frac{13}{16}$-12¾	13⅝
Six months	13⅜ 13⅛	13¼-$13\frac{7}{16}$	13⅜	13⅞-12⅝	$13\frac{7}{16}$	—	—	12¾-12¾	12⅝-12½	13⅜
Nine months	13⅜-13⅛	13¼-$13\frac{7}{16}$	—	13½-13⅛	$13\frac{5}{16}$	—	—	—	12⅜-12¼	13
One year	13⅜-13⅛	13¼-$13\frac{7}{16}$	13¼	13½-13¼	$13\frac{5}{16}$	—	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 13½ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills $12\frac{11}{16}$ per cent; four months trade bills 13¾ per cent.

Approximate selling rates for one month Treasury bills $12\frac{29}{32}$-13 per cent; two months $12\frac{27}{32}$-12¾ per cent; three months $12\frac{11}{32}$-12½ per cent. Approximate selling rate for one month bank bills 13-$13\frac{1}{32}$ per cent; two months 12¾ per cent and three months 12½-$12\frac{17}{32}$ per cent; one month trade bills 13⅞ per cent; two months $13\frac{5}{16}$ per cent; three months 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Clearing Bank Base Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.4650 per cent.

Certificates of Tax Deposits (Series 5) 13½ per cent from March 8. Deposits withdrawn for cash 11 per cent.

INTERNATIONAL COMPANIES and FINANCE

Malaysia makes its debut in Eurodollar bond market

BY ALAN FRIEDMAN

MALAYSIA is making its debut in the Eurodollar bond market with a $250m 10-year floating rate note issue, through Swiss Bank Corporation International. The paper will bear a spread of ¼ per cent above the London interbank offered rate and a 5¼ per cent minimum coupon.

The notes will be redeemable at par after seven years. Although Malaysia has been borrowing in the Eurocredit market lately (on very fine terms), this is the first time that it has tapped the dollar bond sector. Its borrowing needs are expected to increase this year.

In a fixed-interest Eurodollar market a $75m 10-year offer is out for Amax, the U.S. minerals group. The issue, being led by SBC International and Lehman Brothers Kuhn Loeb, carries a 16¼ per cent coupon and a call feature at 101½ after seven years.

Amax has a rating of around triple B-single A, but its real selling point will be its name, which should be reasonably well known to Swiss investors.

The Eurodollar bond sector did not start the week terribly well in secondary trading; prices were off slightly.

The undisputed star of the current market, in investors' eyes at any rate, is the $50m 2½-year paper for Fluor Corporation. Priced at 99½ and with a 13½ per cent coupon, this deal has been attracting attention because of its warrant element. Each bond provides three warrants to buy 1990 zero coupon bonds and the innovation proved so enticing that the paper was sold out by yesterday morning.

Fluor paper was quoted yesterday at a price of 101, with ex-warrant bonds at 96 to 95½ and the three warrants making up the difference.

In the Eurosterling sector, Warburg is bringing a £30m five-year issue for Quebec to the market. The coupon is 15½ per cent, the same as the current Societe de Developpement paper, also issued through Warburg.

In Frankfurt, a DM 150m seven-year foreign bond issue is being offered for Finland. Dresdner Bank is leading the issue, which carries a 9¼ per cent coupon at par.

The D-mark foreign bond sector saw prices unchanged to slightly better last night in moderate trading. Finland's paper was being quoted at a discount of less than 1 per cent in pre-market trading, not a bad showing.

Commerzbank's DM 150m paper for Ferrovie was attracting a fair degree of investor interest at a 1 per cent discount, while Gaz de France's DM 100m of bonds were quoted at a discount of ½ to ¾ per cent, reflecting the French Government backing.

In the Swiss franc foreign bond sector, which is also showing small bond price rises, Australia continues its planed series of issues with a SwFr 100m 12-year offer through Credit Suisse. The coupon indicated is 6¾ per cent; this is the low-coupon currently available to quality names such as Australia and Philip Morris.

Manila relaxes OBU rules

BY EMILIA TAGAZA IN MANILA

THE 24 offshore banking units (OBUs) in Manila are now allowed to handle the foreign currency remittances of some 500,000 Filipinos working overseas.

Mr Jaime Laya, governor of the central bank, said that the country's Monetary Board allowed the measure because the OBUs were better equipped to handle such remittances, with widespread banking networks, especially in the Middle East where 77 per cent of the workers are employed. "They also have highly sophisticated communications systems that make remittances very quick," Mr Laya declared.

Mr Laya said that the central bank had been considering the measure for some time but that Lloyds Bank International formally asked that the OBUs be allowed to participate in the country's inward remittance business. He said that local commercial banks had no objections to the new measure, as they did not have the facilities to serve Filipino contract workers.

Last year, Filipino workers abroad earned about US$1bn, but only $600m was channelled through the banking system. The rest disappeared into the highly competitive black market, as banking facilities were not readily available to the workers. The portion that went to the black market was sent to the Philippines through couriers or through homeward-bound workers delivering the money to their friends' families.

Under the new measure, OBUs may now open and maintain peso accounts with domestic agent banks to pay the workers' beneficiaries the peso equivalent of the remittance coursed through their correspondent banks abroad. Before the new measure, OBU peso accounts could be used only for their administrative and other operating requirements such as salaries and rentals.

Soundings on $300m credit for Electrobras

By Peter Montagnon, Euromarkets Correspondent

BANK OF AMERICA is sounding out the international banking community about the possibility of raising a new $300m credit for Brazil's electric utility, Eletrobras.

The news follows reports that a previous effort by the same bank to raise a $100m credit for the telecommunications authority, Telebras, has lapsed because of problems involving local tax regulations.

The Eletrobras deal is expected to be arranged on what have become standard terms for Brazil—a margin of 2¼ per cent over London eurodollar rates or 1¾ per cent over U.S. prime for eight years.

But it is believed to be the largest single credit for a Brazilian state entity so far this year and its progress will be watched closely in view of what some market participants now perceive as resistance among international banks to large scale borrowings by Brazilian public sector entities.

Already a $200m credit for the Sao Paulo electric utility, CESP, is said to be moving fairly slowly under the agency of Morgan Guaranty.

The tax problems that beset the Telebras deal are understood to have centred around plans for the borrower, which is a holding company, to bypass the funds to around 15 of its subsidiaries in various regions of Brazil. Because they were not borrowing the money directly abroad, the subsidiaries would have had to pay tax to the relevant Brazilian state on the transaction.

A way round the problem would have been for Bank of America to arrange a series of credits direct to the subsidiaries involved but this would have been a complicated exercise involving potential participants in a considerable effort of credit analysis.

Despite some fears in the market that the Telebras tax ruling could pose problems for other Brazilian deals, bankers who follow Brazil doubt that the Telebras example will have widespread repercussions on the market for Brazil.

Hiller withdraws $473m offer for Kaiser Steel

BY OUR FINANCIAL STAFF

KAISER STEEL, the troubled California steelmaker, announced that the $473m bid for the equity—the third in the past 12 months—has been "suddenly withdrawn" by the private investment group headed by Mr Stanley Hiller Jr.

The Hiller group blamed its decision on "substantial changes in the financial condition" of Kaiser, which on February 9, only days after the Hiller bid, disclosed that it was writing off $529m on its withdrawal from steelmaking. Simultaneously, Kaiser disclosed a loss of $437.4m for 1981 and admitted that 1982 did not look good for its steelmaking operations.

Mr Stephen Girard, chairman of Kaiser Steel, said that the Hiller group's withdrawal of its $55.25 a share offer means that Kaiser will not consider any further merger proposals.

Mr Miller said the decision to drop the offer resulted from completion of the group's investigation of Kaiser operations and financial condition which began on February 4 when an agreement in principle was signed.

The main trade union involved at Kaiser, the United Steelworkers, has always opposed the Hiller bid and has presented a counter offer from the workforce, aimed chiefly at safeguarding the 3,000 jobs which would be lost under Kaiser's plan to end steelmaking at its Fontana plant.

● National Steel, the number four in the U.S. industry, is to introduce six-month pay cuts of between 10 per cent and 25 per cent for its senior management and a pay freeze for its 7,000 salaried staff from April because of an expected group loss in the first quarter of the current year. Mr Howard Love, the chairman, said the company would also suspend various incentive programmes.

The company has already forecast a loss on steelmaking, but now believes the group, which includes saving and loans operations, will be in loss. In the 1981 first quarter National posted a $15.7m net profit.

Stelco cuts quarterly dividend

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN steel industry, long regarded as the country's most efficient manufacturing sector, expects another slow year in 1982 as a result of the recession, a steady decline in all types of construction, a near 30 per cent share for imports in the domestic car market, and much less opportunity for profitable exports. In addition, a number of major products have been delayed indefinitely.

Because of the outlook, Stelco, Canada's largest steel group, has cut its quarterly dividend from 45 cents to 25 cents a share in order to retain cash and meet its commitments for a hot strip mill at the new Nanticoke primary steel plant west of Toronto. It is the first time since 1933 that Stelco has cut its common share dividend.

Mr J. P. Gurdon, Stelco's chairman, estimates that raw steel production in Canada this year will be about 16m tonnes, about the same as last year and well below 1979 and 1980 levels. Stelco's production last year was 4.4m tonnes against 6.2m in 1980, the reduction being mainly due to a strike at its plants late in the summer.

However, sales for 1981 were C$2.1bn (U.S.$1.4bn) against C$2.23bn in 1980 largely because of higher prices, and profits were C$$2.8m compared with C$132m previously.

Stelco is fighting hard to regain market share lost by the strike, but an improvement in earnings will be hard to achieve this year because of the depressed economy and long delays in getting megaprojects such as the Alaska Highway gas pipeline into full swing.

The other main producers, Algoma Steel and Dofasco, also based in Ontario, saw a check to growth and profits in 1981 and are likely to be affected this year by the same economic and market factors as Stelco.

Moog sees overseas expansion

BY TERRY BYLAND

INTERNATIONAL operations of Moog, a leading U.S. producer of electrohydraulic control systems, are expected to double over the next three or four years according to directors of the group in London for talks with fund managers.

At present, Moog, which has nine fully owned subsidiaries outside the U.S.—in the UK, Japan, Australia, Brazil and France—takes less than one-fifth of its sales from foreign operations. But the split between U.S. and foreign business is likely to approach the 50/50 level in the near future.

The New York State-based company draws the bulk of its profits from electrohydraulic control valves, which are widely used in civil and military aircraft, as well as other industrial operations.

In 1981-82, Moog earned $10.2m on sales of $155m, and the first quarter of this year has brought a 32 per cent gain in sales and a 17 per cent rise in net income.

Mr R. Aubrecht, vice-president finance, commented that in the U.S., the group's business was 70 per cent aerospace and 30 per cent industrial, with the situation reversed in Europe, where business was 80 per cent to general industry and only 20 per cent to aerospace customers.

The reason, he said, was that in Europe, the aerospace industry is largely government controlled, "and the dollars involved are tax dollars." It was difficult for an outsider, lacking major industrial plants in host countries to obtain a share of this government-financed business.

Problem loans soar at Bank of America

By David Lascelles in New York

BANK OF AMERICA, the largest bank in the U.S., has reported that its problem loans increased sharply last year because of the recession. Difficulties were specially marked among small businesses and real estate, it said.

The San Francisco-based bank, which has the most extensive retail banking business in the country, revealed in its annual report that non-performing olans nearly tripled from $577m at the end of 1980 to $1.6bn at the end of last year.

These loans have not been written off, but are creating problems for various reasons. Either the borrower has fallen behind on payments or they have had to be renegotiated. They could be reinstated as fully performing loans later if conditions improve.

Part of the jump is atributable to the bank including for the first time loans of less than $1m. These have become a factor in the bank's performance because there are so many of them.

Bank of America is in the process of trying to rebuild its loan portfolio, which is burdened by low yielding fixed rate mortgages issued years ago when interest rates were only a fraction of current levels. This was a major factor behind the 31 per cent decline in the bank's net earnings last year to $445m.

Business failures have accelerated sharply during the current recession, though the biggest rise has come since the end of last year. Many banks have reported worsening loan experience as a result.

Record year at Toys 'R' Us

By Our Financial Staff

THE LEADING toy store specialist, Toys "R" Us, has fulfilled expectations with the announcement of a substantial upswing in profits for the fiscal year ended January 31. The final quarter, which traditionally brings in virtually all the group's earnings for the full year, showed a 46 per cent gain in profits on a 29 per cent increase in sales.

For the full year, earnings jumped by 69 per cent to $48.9m or $2.12 a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23. Closing prices on March 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Saudi bank lifts operating profits 52%

By William Hall, Banking Correspondent

SAUDI INTERNATIONAL Bank, the London consortium bank which is 50 per cent owned by the Saudi Arabian Monetary Agency (SAMA), increased its operating profits by 52 per cent to £14.1m in 1981 and increased its balance sheet by more than 60 per cent to £2bn ($3.9bn).

The bank, which was established in August 1975 by SAMA, two leading Saudi commercial banks, and six international banks, is now the largest of the London consortium banks and bigger than all but a few of London's traditional merchant banks.

During the year capital funds were increased by a $60m subordinated debt issue and at the year end stood at £92m ($176m). Since the year-end shareholders have subscribed another £10m of equity increasing the capital funds to £110m.

The bank doubled its charge for possible loan losses to £4m in 1981 with the result that pre-tax profits grew by just over a third to £10m. After-tax profits doubled to £7.2m and the dividend was increased from £1.25m to £2m.

Net interest income rose by 46 per cent to £16.85m and other income rose by 41 per cent to £5.4m. The loan portfolio grew by 170 per cent to £880m. During the year Saudi International Bank was in the management group of 22 floating rate note and certificate of deposit issues and managed 42 loans for sovereign and corporate borrowers with a total value of $12bn.

The bank has opened representative offices in New York and Tokyo.

New bids unit for Morgan Guaranty

By Our Banking Correspondent

MORGAN GUARANTY, the fifth largest U.S. bank, is setting up a mergers and acquisitions unit in London as part of a plan to increase its involvement in large corporate takeovers and asset disposals.

The bank has been restructuring its worldwide operations in this area in an effort to harness the resources of its large research team and its financial analysis department to support the provision of specialised services in the purchase and sale of corporate assets. It is centralising its European operations in this area in the new London unit.

INTERNATIONAL COMPANIES and FINANCE

Strong growth in sales and profits shown by Ericsson

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

L.M. ERICSSON, the Swedish telecommunications group, lifted its pre-tax earnings last year by 25 per cent to SKr 1.17bn ($203m) while sales advanced by 33 per cent to SKr 16.2bn ($2.8bn). Slightly more than-third of the increase in sales came from newly acquired companies.

The board proposes to raise the dividend by SKr 1.25 to SKr 9.75, making a total payment of SKr 212m against SKr 185m for 1980. It is also recommending a one-for-two scrip issues with the new shares entitled to dividends from 1982.

Group operating profit after depreciation climbed by 83 per cent to SKr 2.2bn last year but net financial charges leapt from SKr 186m to SKr 810m. This deterioration is attributed to the rise in interest rates, the devaluation of the krona in September and to the appreciation of the dollar.

Moreover, companies bought during the year, which included Datasaab, the Swedish computer and terminals manufacturer, had substantial net financial expenses. These acquisitions are part of Ericsson's thrust into office communications and now form part of Ericsson Information Systems.

Capital spending for the year increased by SKr 557m to SKr 1,027bn.

A net profit of SKr 429m is shown for 1981 against SKr 215m for the previous year. Net adjusted earnings come out at SKr 25.10 a share compared with SKr 20.35.

Orders received by the group during 1981 amounted to SKr 21bn compared with SKr 13.6bn in the previous year, leaving Ericsson with an order book at the end of 1981 of SKr 17.7bn, up by SKr 5.7bn

Acquisitions headache for cash heavy Petrofina

BY GILES MERRITT IN BRUSSELS

SETTING UP a new subsidiary should in theory, provoke little enough head-scratching at Petrofina, for the powerful Belgian oil company already has 200 such companies scattered through 25 countries around the world. Yet it is a problem that is now preoccupying and baffling Petrofina's senior management.

As one of Belgium's dwindling band of profitable major industrial groups, Petrofina has recently given an undertaking to the country's new Centre-Right coalition Government that it will invest in one, or perhaps several, job-creating activities in order to help combat soaring Belgian unemployment which currently approaches 11 per cent.

It is a pledge that is of political importance to the Government, which is facing growing social unrest as a result of its tough economic measures. But the snag is that Petrofina is having some difficulty in deciding how to set about creating a viable company that will at the same time provide maximum employment. To complicate matters, it is also likely that it will have to create two companies, in order to establish one in both the Flemish and Walloon rival halves of the country.

The fundamental problem, however, is that the sort of job-creating concern envisaged runs directly counter to all of Petrofina's best instincts. The Belgian multinational likes to draw attention to its own capital-intensive character and to its streamlined payrolls. Petrofina's boast is that it has much the same size of turnover as Italy's Montedison — for 1981 the Belgian group's sales rose by 11.4 per cent to BFr 389bn ($8.86bn)—but employs only 22,000 people against Montedison's 153,000.

In matters of job creation, Petrofina executives are clearly beginning to ponder the fact that Montedison could teach them something.

The ideas now being mulled over range from fish farming to retirement homes. But although the job creating promise to the government is proving a puzzle, it is far from being the real problem facing Petrofina. At the moment the group is sitting on a mountain of cash which it intends, eventually, to transform into industrial assets.

Petrofina's sale of its 42 per cent stake in Petrofina Canada to the Canadian state's Petro-Canada will realise between BFr 30bn and BFr 40bn, and so far attempts to reinvest some of this cash in the U.S. have failed. Even before the Canadian deal a year ago, Petrofina was being described by Belgian analysts as having "huge cash resources."

After the abandonment of plans to invest BFr 4.5bn in the Kentucky and Virginia coalmining operations of American Natural Resources, and the scrapping of a susbequent deal with Placid Oil in the U.S., Petrofina is once again casting around for major new ventures.

Coal is still uppermost on the list, for Petrofina has already set-up an EEC coal marketing company with Krupp of West Germany, spent £3.5m ($6.3m) on a stake in the UK-based Energy Equipment, a coal technology concern, and has bought into Hercock Simpson, which specialises in coal carrying and marketing. Other areas where Petrofina is understood to be searching include the non-ferrous metals industry, oil services and general contracting.

Petrofina's determination to widen its activities is no novelty in the oil and petrochemicals sector. But it does reflect the Belgian group's concern over the now declining profits to be won from its substantial operations in the Ekofisk field. Worth about BFr 112.5bn, its share in Ekofisk will provide profits for the rest of the century, but at a dwindling rate as production drops. This year, Petrofina will spend 60 per cent of its self-financed BFr 28bn investment programme on exploration and production activities.

Petrofina's oil and gas exploration now is considerably more aggresive than in the past, centred on Zaire and North Africa and even including southern Belgium. And with the development of new fields in the UK sector of the North Sea it is expected to raise its present production of 9m tons of oil a year.

That, together with the selection of some obviously attractive projects for its diversification programme, might help to solve Petrofina's other enduring problem—its stubbornly lacklustre share price.

Bilfinger und Berger hit by tough competition

BY KEVIN DONE IN FRANKFURT

BILFINGER UND BERGER, the third largest construction group in West Germany, boosted the volume of building operations by 53 per cent last year to DM 3.7bn ($1.56bn) supported by the dramatic surge in foreign orders booked in 1980.

Foreign building activity jumped by 9.3 per cent to DM 2.56bn, while domestic operations virtually stagnated at DM 1.16bn, an improvement of 4 per cent.

Foreign construction work accounted for 69 per cent of Bilfinger und Berger's building volume last year. In common with other leading German building groups, such as Philipp Holzmann, Bilfinger is also expanding its interests in the U.S. market.

It has increased its holding in the St Louis-based Fru-Con Corporation, which had a turnover last year of DM 882m, to 87 per cent from the 50 per cent acquired in 1978.

New orders booked last year by the West German group dropped by 26 per cent to DM 4.3bn from the record DM 5.8bn reached in 1980.

Domestic orders showed a modest rise to DM 1.2bn from DM 1.1bn in 1980, despite the fall of 19 per cent in new domestic building orders won by the depressed German building industry overall.

Foreign orders dropped to DM 3.1bn from the DM4.7bn booked in 1980, but the value of Bilfinger and Berger's order book stood at DM 6.6bn at the end of December, compared with DM 6.1bn a year earlier. Of orders on hand, DM 5.7bn are accounted for by foreign work, with only DM 950m coming from the domestic market.

Fierce competition in both domestic an dforeign markets has bitten deeply into the profit margins of new orders, but the company said that profitability last year was "good." No details have yet been released.

Norway delays bourse plan

By Fay Gjester in Oslo

A LONG-AWAITED Norwegian Government scheme to grant tax concession to investors in Norway's stock market has been held back for "further evaluation," a Finance Ministry official said yesterday. The Government had been expected to introduce the scheme last Friday.

The recent steep fall in oil prices, together with steadily rising investment costs offshore, has drastically reduced the amount the Government expects to receive from petroleum tax revenues over the next few years.

KemaNobel holds payout despite fall in earnings

BY OUR NORDIC EDITOR IN STOCKHOLM

KEMANOBEL, the Swedish chemicals group, saw earnings tumble from SKr 164m to SKr 49m ($8.5m) in 1981. This is the second year running that the pre-tax profit has fallen in 1979 it totalled SKr 213m

Sales declined marginally to SKr 3.3bn but that represents an increase of 5 per cent after adjusting for companies sold and bought, the company says. Foreign sales increased slightly from 52 to 54 per cent of the total.

Extraordinary income of SKr 49m, of which SKr 38m derives from the sale of Kemanobel's share in the Supra Fertiliser Company to Norsk Hydro, raises the pre-tax figure to SKr 98m. A net profit of SKr 67m is shown, ahead by SKr 7m. Adjusted earnings come out at around SKr 7 a share compared with SKr 10 in 1980.

The board proposes an unchanged dividend of SKr 5 a share on both the ordinary stock and the preference shares. It expects to improve this year.

Japanese sports clothing maker shows advance

BY YOKO SHIBATA IN TOKYO

DECENTE, Japan's largest manufacturer of sportswear, reported favourable earnings for the first half ended January 31, 1982, reflecting growing participation in sports.

Unconsolidated operating profits rose by 14.4 per cent to Y3.8bn ($15.9m). Net profits were 16 per cent higher at Y1.92bn, on sales of Y53.96bn, up 19.6 per cent over the previous year. Per share profits for the half year moved up to Y33.92 from Y32.16.

Sales reached Y2bn, more than the original estimate, thanks to buoyant sales of tennis wear (up 46 per cent), golf wear (up 22 per cent) and ski clothing (up 15 per cent).

The company lifted the half-year dividend to Y9 from the previous Y8.50.

In the current half year ending July 31, 1982, the company expects continuing favourable sales. Full year operating profits are expected to reach Y8.4bn, up 14.7 per cent, and net profits are projected at Y4bn up 11 per cent.

Improvement at Bank of Helsinki

By Lance Keyworth in Helsinki

BANK of Helsinki, one of the five big commercial banks in Finland, reports increased profits and improved liquidity for fiscal 1981. The balance sheet total rose by 11.8 per cent to FM 4.97bn ($1.09bn), and net profits were FM 12.8m. The bank is to maintain a dividend of 12 per cent.

Mr Filip Pettersson, chief general manager, described the result as "satisfactory," in spite of the FM 58.5m written off in the sale of the Finnish shipbuilding company, Navire. The loss was taken from the credit loss reserve, which was again increased by the maximum permissible sum, FM 18.1m and stood at FM 57.1m at the end of the year.

● Wartsila, the Finnish shipbuilding and engineering company, increased group pre-tax profits in fiscal 1981 to FM 140m ($30m) from FM 40m in the previous year on sales 17.3 per cent ahead at FM 3.1bn. Parent company net earnings rose to FM 28.6m from FM 18.9m. The company proposes to increase its dividend to 11 per cent from the 9 per cent paid in 1980.

The value of orders booked by the end of 1981 was FM 8bn.

Sharp rise in interim earnings at TNT

By Graeme Johnson in Sydney

THOMAS NATIONWIDE Transport (TNT) lifted net profits by 56.7 per cent from A$25.92m to A$40.62m (US$43m) in the half year to December 31 on turnover up by 25.7 per cent from A$496.83m to A$624.64m.

Sir Peter Abeles, the managing director, says the group is likely to match the growth in earnings in the third quarter despite generally flat trading conditions and industrial unrest in the Australian and New Zealand operations. *Profits for* all 1980-81 were a record A$53.1m.

Profits for the half were struck after lower tax of A$18.08m against A$23.2m, but higher interest of A$19.66m against A$11.57m.

Most of TNT's overseas operations boosted their contributions in the half. Sir Peter said he was particularly pleased with the UK activities which achieved an increased market penetration due mainly to the rapid growth in demand for the company's express services.

The directors have recommended a quarterly dividend of 3 cents a share making an unchanged 6 cents a share for the half, covered by earnings of 27.8 cents a share, compared with 22.2 cents.

Olex boosts Dunlop Olympic

By Our Sydney Correspondent

DUNLOP OLYMPIC, the tyres, cables, and industrial products group, lifted earnings by 37 per cent from A$20.29m to A$27.83m (U.S.$29.5m) for the six months to December 31 on turnover up by 13.2 per cent from A$578.15m to A$654.68m.

Earnings were boosted by a contribution of A$7.41m by the now wholly-owned Olex Cables compared with A$3.14m last year when it was 50 per cent owned.

The interim dividend has been maintained at 4 cents a share, on capital increased by last year's two-for-nine rights issue. Earnings per share were 11 cents against 10.5 cents.

Sir Brian Massy-Greene, the chairman, said the trading was subdued but a satisfactory increase in full year earnings was anticipated. In the year to June 1981 earnings reached A$39.42m.

Downturn at Mitsubishi Chemical

BY YOKO SHIBATA IN TOKYO

MITSUBISHI Chemical Industries, Japan's largest chemical company, has suffered a 77 per cent fall in operating profits to Y4.08bn ($17.4m) in the year ended January 31, mainly because of a decline in petrochemical sales.

The company would have had an operating loss were it not for the inclusion of a Y6.94bn gain on the sale of securities.

Net profits fell 64.5 per cent to Y3.01bn, or Y2.84 a share against Y8.35, while sales fell by 4.7 per cent to Y756.1bn ($3.2bn) at the parent company level.

Sales of petrochemicals fell by 10.2 per cent to take a 43.3 per cent share of total turnover because of weak demand for ethylene and vinyl chloride products and slack international demand for synthetic fibres. The petrochemical division operated at a loss.

Sales of carbon products slipped marginally to Y227.8m, or 30 per cent of total sales.

Although the carbon division remained profitable, the agricultural chemicals area reported a decline in profitability.

The full year results show a slightly slower rate of decline than at the half year. For the fiscal year ending January 1983, the company expects some resovery in demand for petrochemical product, particuarly in the second half when the domestic economy should improve.

Operating profits for the current year could reach Y10bn, more than double last year's, while sales could rise by about 4.3 pe rcent to Y790bn.

● Toyota Motor Company yesterday signed a formal agreement to absorb its sales affiliate, Richard Hanson reports from Tokyo. Mr Shoichiro Toyoda, 57, currently president of Toyota Motor Sales, was named president of the newly formed company. Mr Eiji Toyoda, 68, now president, will be chairman.

The merger of the two companies, which have operated separately for the past three decades, will take place on July 1. The new Toyota Motor Corporation will be the largest manufacturing company in Japan, with annual sales of over Y4,000bn ($17bn).

The merger was aimed at streamlining operations, particularly international ones, in the Toyota group, the second largest car maker in the world.

Recently, Toyota disclosed that it has tentatively entered discussions with General Motors of the U.S., the world's leading car company, on the possibility of jointly producing a small car in the U.S.

United Overseas Bank lifts profit and dividend

BY GEORGIE LEE IN SINGAPORE

UNITED OVERSEAS BANK, one of the top four Singapore banks, has announced a 44.5 per cent rise in group net profit to S$133.4m (U.S.$63m), for the year ended December.

UOB's results are broadly in line with its competitors'. The Overseas Union Bank (OUB) earlier reported a 44.8 per cent growth in group net profit to S$47m while the Development Bank of Singapore (DBS) announced a 62 per cent rise in group net profit to S$112.7m.

UOB has proposed a final gross dividend of 10 per cent on the enlarged issued capital of S$394.5m, making a total of 18 per cent for the full year, against 15 per cent.

Two of its major subsidiaries, United Overseas Finance and United Overseas Insurance, also reported a strong upsurge in earnings for the year.

Pre-tax profit at UOF expanded by 88.9 per cent to S$14.6m while at the net earnings grew 86 per cent to S$8.3m.

UOF has proposed a one-for-two scrip issue and a first and final gross dividend of 10 per cent.

UOI has reported a 71.5 per cent improvement in pre-tax profit to S$12.9m. Net profit expanded by 74 per cent to S$7.8m. It proposed a similar one-for-two scrip issue and a first and final gross dividend of 12.5 per cent.

UOL well ahead despite Mount Echo Park costs

BY OUR SINGAPORE CORRESPONDENT

UNITED OVERSEAS LAND, the major Singapore property developer, has reported a 71 per cent increase in group pretax profits for the year ended December to S$16.5m (US$7.8m) and a near doubling of net profits to S$8.46m.

UOL, which is 32 per cent owned by the United Overseas Bank group, disclosed that the profit figures are after the interest cost of its property at Mount Echo Park, Singapore.

The troubled major commercial project also accounted for the higher amount of tax provision of the group — above the standard rate of 40 per cent — because losses on the project cannot be offset against the profits of other companies in the group.

UOL also reported an extraordinary gain of S$1.47m against none a year earlier. Parent company operating profit was S$16.5m against S$9.6m.

The group has recommended a higher first and final gross dividend of 6 per cent against 5 per cent previously.

The group owns and develops residential and commercial properties. It also owns the 355-room Singapore Merlin Hotel. The company did not give any revenue figures or a forecast for 1982.

United Motor Works rides out recession

BY WONG SULONG IN KUALA LUMPUR

UNITED MOTOR WORKS has reported marginally higher pretax profits for the year ended December, reflecting the ability of the fast-growing Malaysian industrial group to ride out the recession.

Pre-tax profits rose 4 per cent to 26.4m ringgit (U.S.$11.5m) on a 35 per cent increase in sales to 447m ringgit. The heavy erosion of profit margins came from a slump in the logging industry which is a major customer for vehicles.

Net profits rose by 50 per cent to 18.4m ringgit because of a substantially lower tax charge.

The company is paying a final 7.5 per cent dividend, including a 2.5 per cent tax exempt portion, making 12.5 per cent for the year, unchanged from last year's which was fully taxed.

Compared with its rival, tractors Malaysia, a Sime Darby subsidiary, UMW's results could be regarded as satisfactory. Tractors last month disclosed a 50 per cent fall in pre-tax profit to 13.9m ringgit for the six months ended December, with sales falling by 19 per cent to 292m ringgit.

For the current year, earnings from UMW are expected to be boosted substantially by contributions from its acquisitions of the Toyota and Fiat distribution franchise in Malaysia.

● Faber Merlin, a leading Malaysian property and hotel group, has reported a 25 per cent improvement in pre-tax earnings to 3.6m ringgit for the six months ended December.

In addition, the group made an extraordinary gain of 7.9m ringgit from the sale of a piece of land in Johore state, so net profits was 11.6m ringgit, compared with 2.9m ringgit.

The interim dividend is increased by 1 per cent to 3.5 cents a share.

● Promet, the Malaysian-Singapore oil rig builder and construction group, has bought into two affiliated engineering companies servicing the oil industry.

It will pay U.S.$2.5m for 500,000 shares, representing half the issued capital, of Ipco Marine, a Hong Kong company, from its parent Ipco Holdings.

The two partners will then each subscribe in cash for an additional issue of 14.55m shares of HK$1 each in Ipco Marine.

In Singapore, Promet will pay S$250,000 (U.S.$120,000) for an additional 1,000 shares in Ipco Marine Private, giving it a half share. The other half will be held by Maxterra Company.

Both Ipco Marine companies are engaged in construction, engineering, design, procurement, project management and other related activities for the oil industry.

UAE may force local ownership of insurers

By Patrick Cockburn in Abu Dhabi

A NEW INSURANCE law now being drafted in the United Arab Emirates may lead to the takeover of all foreign-owned insurance companies. The key sections of the law, which could still be amended, provide for all insurance companies operating in the UAE to be wholly owned by UAE citizens. Part of the re-insurance would also have to be placed locally.

This would not have a dramatic effect on companies in Abu Dhabi, where three locally-owned companies have a monopoly of all insurance business with the public sector. Since this includes the oil industry and major construction contracts, the other foreign-owned companies compete for less than a quarter of the total business.

But in Dubai, the commercial centre of the UAE, the new law will have a dramatic impact. Out of more than 40 insurance companies in the Emirate, only five are wholly-owned by local citizens.

Companies are also worried by draft provisions in the law, under which they must have Dh5m ($1.36m) in capital, half to be paid up, and Dh200,000 deposited in a local bank.

The drafting of regulations for insurance companies is part of a trend in the UAE towards greater local control enforced by federal law. Foreign banks, of which there are 28 licensed, must reduce the number of their branches to no more than eight each, the central bank announced last year.

Sanyo Electric up less at group level

Sanyo Electric, a major Japanese consumer electronics company, has reported a substantially slower growth in consolidated net earnings for the fiscal year ended November 30 than for parent company profits reported earlier, writes our Financial Staff.

Consolidated net rose by 5.1 per cent to Y31.8bn ($135m) compared with parent company growth of 13.2 per cent to Y23.95bn. Group sales rose by 6.3 per cent to Y975.09bn ($4.15bn) compared with parent company sales growth of 10.6 per cent to Y752.4bn.

AMIC up 18% after second-half slowdown

BY THOMAS SPARKS IN JOHANNESBURG

ANGLO AMERICAN Industrial Corporation (AMIC), the industrial arm of the Anglo American Corporation of South Africa, increased pre-tax profit by 17.8 per cent to R232.8m ($228m) in 1981 from R187.5m. Turnover rose by 26.1 per cent to R1,224.3m from R971.2m.

At the interim stage Mr Gavin Relly, the chairman, warned that the group was unlikely to match the first half's 21.8 per cent pre-tax profit increaes in the second half because the South African economy was showing signs of slower growth. At the end of 1981 capital commitments were R759.7m against R711.6m at the end of 1980.

The 1981 figures do not take into account the acquisition of the entire share capital of De Beers Industrial Corporation (Debincor) with effect from January 1, 1982.

As part of the merger arrangements with Debincor, AMIC has issued 18.7m ordinary shares since the year end increasing the number of ordinaries in issue to 45.7m.

Dividends totalling 165 cents a sharehave been declared from earnings of 515.1 cents a share. In 1980 earnings were 431.1 cents and the total dividend 140 cents.

South African investment group raises income 54%

BY OUR JOHANNESBURG CORRESPONDENT

UNISEC, the South African investment holding company which last year was the subject of an unwelcome takeover bid by the investment company Sage Holdings, increased pre-tax profit by 54.3 per cent to R33.5m ($32.8m) in 1981 from R21.7m in 1980. Turnover rose to R364.7m from R267.7m.

Since the end of the year the company has sold '31.3m of listed investments and is now flush with cash. The company believes the Johannesburg stock market has further to fall, but feels that interest rates are nearing their peak.

A total dividend of 30 cents has been declared from earnings of 44.4 cents a share. In 1980 earnings were 29.6 cents a share and a total dividend of 20 cents was paid.

WORLD STOCK MARKETS

Wall St above worst at 1pm

FRESH CONCERN over U.S. interest rates sent Wall Street lower early yesterday in moderate trading, but the market partially recovered around mid-session.

The Dow Jones Industrial Average, which dipped 8 points last Friday, shed three points more before picking up to 795.66 at 1 p.m., only a net 1.71 lower. The NYSE All Common Index was 13 cents off at $62.39, after touching $62.26, while declines led advances by a seven-to-four margin. Trading volume decreased to 28.92m shares from last Friday's 1 p.m.-level of 36.41m.

Analysts said the market was further depressed by the $3.4bn rise in the M1 measure of the weekly money supply, announced late last Friday, which could force the Federal Reserve to tighten credit restraints, putting more upward pressure on interest rates.

Also worrying the stock market was the highe level of the Federal Funds Rate, which brought the Bond market down as well.

The Fed Funds Rate on overnight loans between banks, rose to a high of 15½ per cent yesterday morning from an opening of 14¾ per cent. Changes in this key interest rate often presage movements in the Prime Rate.

Trading was mostly featureless, with the biggest price moves occurring in stocks with special situations. Coastal, on the actives list, was up 2½ to $23¾. The company's restructuring plan has been delayed.

Arcata rose 1½ to $34½ after accepting a take-over bid of $37.50 a share from a group of investors.

Several Technology stocks rallied following the sharp sell-off in the group last week. Data General rose 1¾ to $31⅛, Digital Equipment 1½ to $73¾, Prime Computer 1⅝ to $18¾ and Teledyne 2½ to $114½.

Wickes fell 1½ to $4¾. Its President, David Primuth, has resigned, due to "the troubled times" the company is presently going through.

THE AMERICAN SE Market Value Index was down 1.41 at 243.53 at 1 p.m. Volume 2.51m shares (3.44m).

Closing Prices for North America were not available for this edition.

Canada

Stocks were generally weaker at mid-day as investor concern centred on the rise in the U.S. money supply and the prospects of higher interest rates.

The Toronto Composite Index weakened 12.2 to 1,534.6 at noon, while Golds fell 64.0 to 1,949.6 and Oil and Gas 35.8 to 2,352.8.

Stelco "A" was off 2⅛ at $23⅞. It announced a cut in its quarterly dividend to 25 cents from 45 cents.

Tokyo

After showing some recovery in Saturday's half-day session and also initially yesterday, the market resumed its slide on light selling, pushing the Nikkei-Dow Jones Average below the 7,100 level for the first time in five months.

The market had fallen very sharply last Friday on gloomy domestic economic news and a falling yen in the face of rising U.S. interest rates.

Export-orientated issues and other internationally popular shares led the subsequent decline yesterday, finally yielding to the fresh Wall Street fall last Friday and news of the jump in the weekly U.S. money supply figures.

The Nikkei-Dow Average, wich dropped about 155 points on Friday but recouped 22.80 on Saturday, picked up 26.52 briefly yesterday before falling to 7,078.68 down 46.74 on the day.

The Tokyo SE index receded 2.05 to 532.75, while volume was a fairly light 230m shares, against Friday's 270m.

Hitachi shed Y6 to Y586, Sony Y40 to Y3,050, Nippon Electric Y8 to Y727, Honda Motor Y15 to Y650, Fuji Photo Y20 to Y1,240, Mitsubishi Y11 to Y566, Nippon Oil Y10 to Y1,040 and Takeda Chemical Y19 to Y901.

However, Public Works issues gained strength from reports that the Government is planning to bolster various public projects as part of its attempt to spur the economy, which fell a sharp 3.5 per cent on an annual basis in the October-December quarter.

Constructions, Road Builders and Civil Engineering issues all benefited from the reports. A trader said, "buying appears to be spreading from Constructions to Cement Makers and others in related fields." Maeda Construction climbed Y16 to Y642.

Australia

Bearish factors overseas and the big swing against the Government in the by-election for the Sydney seat of Lowe put an end to the recent technical rally on Australian markets.

Analysts said the Labour Party win in Lowe, the sharp rise in U.S. money supply M-1, a fall in the Hong Kong Gold price yesterday and continuing worries over world oil prices were the main depressing factors.

The All Ordinaries Index slipped 3.3 to 458.7 and the Metals and Minerals sub-group 5.2 to 325.7.

Overall market leader BHP retreated 22 cents to A$7.28.

Oils were unsteady ahead of a meeting later this week of Opec nations to discuss production levels and pricing. Santos lost 15 cents to A$3.85, Vamgas 6 cents to A$5.24 and Claremont 2 cents to 68 cents.

A firm exception, however, was Woodside Petroleum, which put on 6 cents to 80 cents on a London rumour that Nippon Oil was planning a bid for BHP's holding in Woodside at 65p a share, about A$1.10.

Among Gold Miners, Peko eased 5 cents to A$4.65, Poseidon 6 cents to A$1.34 and Central Norseman 10 cents to A$2.95.

Elsewhere in Minings, Western Mining receded 15 cents to A$3.40 and CRA 7 cents to A$2.58.

Hong Kong

Interest rate worries caused most shares to decline in light dealings, a reversal of the recent rallying trend.

The Hang Seng index, which had recovered 91 points since falling by 11.00 am last Tuesday to its lowest level for more than 2½ years, yesterday receded 34.97 to 1,161.93.

The $8.4bn rise in the latest M-1 money supply figures dimmed the prospect of lower U.S. interest rates, and thus lessended the scope for a cut in Hong Kong rates.

Germany

Leading shares were narrowly mixed after a dull session which saw the Commerzbank index slip 1.2 to 707.5.

Motors slipped from initial firmness, although Volkswagen ended still DM 1.50 ahead at DM 147.40, after DM 148.80. Dealers cited a large buying order for VW. After rising to DM 216, BMW closed unchanged on balance at DM 213.50.

In Electricals, Siemens receded DM 3.70 to DM 223.20, with dealers citing reaction to its gains of the past two weeks.

Johannesburg

Gold shares further retreated over a wide front in reaction to the weaker international Bullion price. Heavyweight gold producers were mostly between 75 to 175 cents lower, although Randfontein fell 275 cents to R50.25. Among cheaper-priced issues, Doornfontein lost 50 cents at R14.50.

In Diamonds, De Beers, a particularly depressed spot last week on the sharply lower profits and dividend cut, fell afresh by 37 cents to R5.70.

Other sectors were also in easier mood.

Brussels

Stocks generally retreated on profit-taking as operators continued to assess unfavourably a wave of labour unrest and strikes against Government austerity policies. Wall Street's decline last Friday also depressed sentiment.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

SOUTH AFRICA

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.70½ (Discount of 27⅞%)

FINANCIAL TIMES SURVEY

Tuesday, March 16 1982

Pulp, paper and board

WORLD PULP and paper producers, now treading carefully through a recession in their major markets, are mostly looking beyond the early 1980s for hope of a sustained upturn in demand. Last year was flat for many companies and 1982 looks unlikely to bring much cheer. For some countries, like the UK, there have been traumatic changes in the paper sector. Elsewhere, adjustments have perhaps been less painful but just as necessary.

About 170m tonnes of paper are used throughout the world each year, with North America and Western Europe accounting for well over half of this. Up until the late 1970s, demand for paper products was moving ahead at a steady if unexciting 4 per cent a year.

Since then, however, things have slowed down. World economies have run out of steam, other competing materials have become more common, new electronic means of communication have been developed, and some sectors of the market are simply too well supplied already.

Against this sober background, what sort of a future does the rest of the century hold out for the industry? Certainly, patterns of demand are changing, both geographically and by product. New office methods may mean less paper is used, but the emphasis will be on higher grades. Increasing use of computers and visual display screens at work and at home has not so far eroded the paper markets. Even so, companies will have to be faster on their feet.

Jaakko Pöyry, the Finnish consultants, reckon that demand will grow by not much more than 3 per cent a year up to the mid-1990s. By this time, increasingly voracious world consumers will be using nearly 280m tonnes of paper a year, after lifting their needs to almost 240m in 1990.

As far as speed of growth in demand is concerned, the developing countries will head the field, especially in Asia and South America. Their average growth will be more than 6 per cent annually, while the industrialised world will lumber along at a more leisurely 2.4 per cent. In North America, said the consultants, the rate will be even slower.

Squeezed by recession and hesitant about prospects in the immediate future, many of the world's leading producers are acting cautiously and curbing their ambitious investment projects. But over the longer term they hope for a steady upturn in demand which will justify spending on new capacity.

Patterns of demand changing

BY ANDREW FISHER

The U.S. is one of the most intensive users of paper in the world. Demand per head is around 280 kg a year, far in excess of average European levels. Jaakko Pöyry expects this growth to continue for the rest of this decade but finally come to a halt in the late 1990s at about 340 kg. No other part of the world is expected to attain this level.

Up to 1995, the consultants expect printing and writing papers to expand at nearly 4 per cent a year, industrial grades (including household and sanitary papers) at just over 3 per cent, and newsprint at little more than 2 per cent. Overall, paper demand will have slowed from growth of over 5 per cent a year in the late 1960s and early 1970s to just over 3 per cent in the period from now until 1995.

A good deal of the emphasis, in Western Europe at least, over the past couple of years has been on plant closures, redundancies and retrenchments. The North Americans have been investing in new capacity, but their eyes will be on major export markets such as the EEC, where the deficit on trade in wood products is second only to oil.

Jaakko Pöyry estimates that world paper capacity will have to go up to at least 260m tonnes by 1990 to meet rising demand. Expansions now in the pipeline total around 25m tonnes. During the 1970s, capacity showed an overall increase of over 60m tonnes.

At the same time, there was a good deal of restructuring, with over 2,200 machines, having a total capacity of nearly 20m tonnes, shut down. Among the countries of the OECD (Organisation for Economic Co-operation and Development), a total of 88 new paper or board machines and 22 new pulp mills is planned for the 1981-84 period. The total, based on figures from Pulp and Paper International and amended by OECD delegations, show that 48 of the paper and board machines will be sited in North America—two-thirds of them in the U.S.—and 14 in Scandinavia.

By far the major part of this expansion is being carried out by large companies with sales of over $285m. On the pulp side, North American companies are again dominant, with the U.S. planning 13 new mills in the period and Canada three. As well as having the available wood, corporations in Canada and the U.S. also have the financial strength for major projects.

In Western Europe, apart from Scandinavia, final capacity increases will be small because of the large number of mills shut down. Around 1,500 paper machines were closed in the 1970s and 470 mills, with a combined capacity of 4.2m tons a year. Including shut-down machines in mills still operating, the figure rose to 8.5m. There are now more than 2,700 paper machines in Western Europe.

Jaakko Pöyry expects North America to keep up and even boost its role as the world's main supplier of newsprint and industrial paper and paperboard. Now that the U.S. market has begun to slow down and capacity there is expanding, companies are keen to sell more in Europe and Asia. About 20 years ago, North America exported only 7.5 per cent of its pulp and paper output, a percentage which has since more than doubled.

Over the past two years, U.S. newsprint capacity has soared by 26 per cent to 5.3m tons, more than the total gain in capacity over the previous ten, according to the American Paper Institute. Thus the domestic market is coming to rely less on imports and producers are seeking new export opportunities.

This will also increase the pressure on Canadian companies to sell more outside their own continent. Canada's newsprint sales are expected to show a 7 per cent volume drop this year to 8.2m tonnes, mainly because of lower demand from the U.S. which takes about 70 per cent of its output. Total Canadian pulp and paper sales are forecast to ease a percentage point to 20m tonnes, including a 2 per cent export fall to 15.4m.

In the U.S. the API does a survey each year of the size of the country's capacity. The latest one shows that U.S. companies will add over 5m short tons of paper and paperboard capacity and 3.3m tons of wood pulp capacity in the period from 1982 to 1984. This will bring total capacity up to more than 77m tons for paper and paperboard and over 60m for wood pulp.

Towards the end of last year U.S. companies in the forest products sector began to suffer from the fall-off in building activity, cutting their cash flow for new investment. Housing starts in October fell below 900,000 to the lowest level in 15 years. Companies such as Georgia-Pacific and Weyerhaeuser were affected by falling demand for construction timber, with no real housing upturn expected until interest rates tumble.

As a result, some companies have scaled down their spending programes and postponed projects beyond 1984, the cut-off period for the API survey. Last year, according to the Commerce Department, U.S. paper groups spent $6.7bn on new plant and equipment, a little less than the previous year but a fifth up on 1979. Paper and paperboard output in 1981 showed little increase at nearly 65m tons and the outlook for 1982 is one of modest improvement.

The hope is that the U.S. economy will show some gain during the year as recovery sets in during the second half. Canada is also hoping for renewed economic growth in the U.S., possibly to a rate of over 4 per cent annually by the end of the year. Although its newsprint sales to its southern neighbour will drop, it expects to boost shipments of other grades.

Once the market does start to pick up, producers will have a better chance of pushing through price increases. For some time, Scandinavian producers have been frustrated in their attempts to raise pulp prices.

The problem is that North American producers with lower costs and a flagging market have been turning their attention more to Europe.

It is anybody's guess as to how prices will move for the rest of the year. Until the North American market becomes sufficiently buoyant, pressure in Europe will remain. So while this year certainly will not prove the liveliest for the world paper and pulp industry, it could mark the turning point between slackness and renewed growth.

MAJOR PULP EXPORTERS AND IMPORTERS

Exporters:	% of total	Importers:	% of total
Sweden	21	Japan	14
Canada	41	U.S.	28
Finland	12	UK	15
U.S.	16	Italy	12
USSR	4	W. Germany	15
Norway	4	France	16
Brazil	2		
	100		100

Source: Paper.

Mechanised tree felling in Sweden. World producers are waiting for a revival of growth in demand but believe that in the longer term capacity will need to rise considerably. Meanwhile, many EEC papermakers are worried about the Nordic companies' thrust towards greater integration of their pulp and paper manufacturing

CONTENTS

Long wait likely for buoyant EEC market

THE PULP and paper industry in the EEC is hardly in the best of health just now. Demand has been sluggish through the lengthy recession: paper companies—notably in the UK—have cut capacity sharply; and the outlook for the coming year or so is for a modest recovery at best.

EEC countries account for about a fifth of total world paper and board usage and meet three-quarters of their needs in the industry. Their own production is about 24m tonnes, or one seventh of the world figure and worth about $16bn in sales terms. Last year, EEC output slipped by about 1 per cent to just under 24m tonnes and 1982 is likely to see little improvement.

In just under two years' time, the EEC will phase out tariffs against Scandinavian producers, leaving the powerful Canadian and U.S. companies on the outside. While they are determined to surmount the duty barriers and keen to sell more in Europe as their own markets stagnate, a good deal of lobbying is going on in Brussels now. The Canadians are concerned about newsprint quotas, while the U.S. has a problem over the tariff definition of kraft linerboard.

However these difficulties are sorted out, the industry hopes that the pulp and paper market in Europe will be a lot sturdier. Certainly, overall consumption in the EEC is way below that in the U.S. and consumption growth has been slowing down in recent years. Per capita consumption in the EEC is around 130 kg a year against 280 kg in the U.S.

Although some experts expect European consumption to catch up with that in the paper-hungry U.S., this is not a view shared by Albert de Monts, the director-general of CEPAC (European Confederation of Pulp, Paper and Board Industries). Between 1967 and 1972, EEC paper and board consumption was rising at 4.5 per cent a year. But in the five years to 1980, this was down to 2.7 per cent a year.

Demand for paper products is linked closely to economic growth—not expected to be very dramatic in the short-term—and their cost has risen sharply since the 1960s. Thus the EEC's 270m population are unlikely to provide a very buoyant market for some time. Paper and board imports amount to some 8m tonnes a year in the EEC. Despite this, said M de Monts in a speech in Montreal a few weeks ago, "it is right to say that the EEC is putting up a good fight on its own market."

It was also being competitive in foreign markets, exporting about 1m tonnes outside the EEC each year, he pointed out. A great many smaller and less economic mills have been closed in the past few years, though a large number still exist, while the trend to larger plants has increased.

In the UK, which closed 20 per cent of capacity in 1980, there is a certain amount of resentment that other EEC countries such as France have maintained the size of their industry at uneconomic levels. Chapelle-Darblay, the main domestic newsprint company, has been propped up by French government loans since its collapse at the end of 1980.

Other EEC members, such as Belgium and Holland, have also faced problems with ailing paper companies. Britain, in fact, was the only developed country in the world to reduce its capacity in the industry in the past decade.

The Germans have made great strides in productivity. Between 1976 and 1980, hourly labour productivity in the industry rose by just over 30 per cent. On several fronts, however, countries in the Community are at a disadvantage against other main producing areas. M de Monts commented: "The EEC pulp and paper industry has to pay much more for its pulpwood and energy supplies than the North American industry does, our mills are not flanked by huge forests, they are too often not integrated, and are largely dependent on market pulp."

The UK industry used to be the EEC's third largest behind West Germany and France but was overtaken by Italy in the mid-1970s. Last year, production in Britain fell by about 11 per cent to under 3.4m, having already declined nearly a tenth in 1980.

In Germany, paper and board output was fairly flat in 1980 and rose by 2.5 per cent in January-November last year to 7.25m tonnes. France's total for 1981 was little changed at around 5.2m, while Italy experienced a near 3 per cent drop in the first 10 months to just over 4m. Not surprisingly, EEC paper companies have tended to invest far less actively than, say, the U.S., Finland, Canada or Sweden, though Germany has a better record in ploughing profits back.

Competitively, therefore, EEC pulp and paper companies are not in the best of shape to meet growing Scandinavian and North American export pressures. One neat illustration of the way in which a Canadian company can use its lower cost base to move in where a UK company failed was last year's decision by Consolidated-Bathurst, based in eastern Canada, to reopen on a smaller scale the Ellesmere Port mill closed by Bowater.

Consolidated-Bathurst will eventually have about 25 per cent of the UK newsprint market through this venture which will link the Cheshire mill, now being revamped, with one in New Brunswick across the Atlantic.

It will also be providing itself with a production base in the EEC as the tariff changes come into effect, though the company has said this was not a major factor in its decision. When tariffs are removed for Scandinavia, they will remain for North America and other non-EEC areas, while slowly coming down in the late 1980s.

Since tariffs faced by Scandinavia will already have been gradually reduced to only 2 per cent in 1983 before duty-free access starts, the immediate impact on the Community of tariff removal is unlikely to be very great. On the newsprint side, where Canada supplies EEC countries (mainly the UK) with up to 600,000 tonnes a year, there is a considerable amount of manoeuvering over duty-free quotas.

Under the rules of GATT (General Agreement on Tariffs and Trade), the EEC has a newsprint import quota of 1.5m tonnes. Canada would like the full duty-free quota to remain and take up more of the allotment used by Scandinavia. The EEC Commission in Brussels could use a requirement, normally waived, that newsprint must be waterlined, an indirect way of cutting the quota.

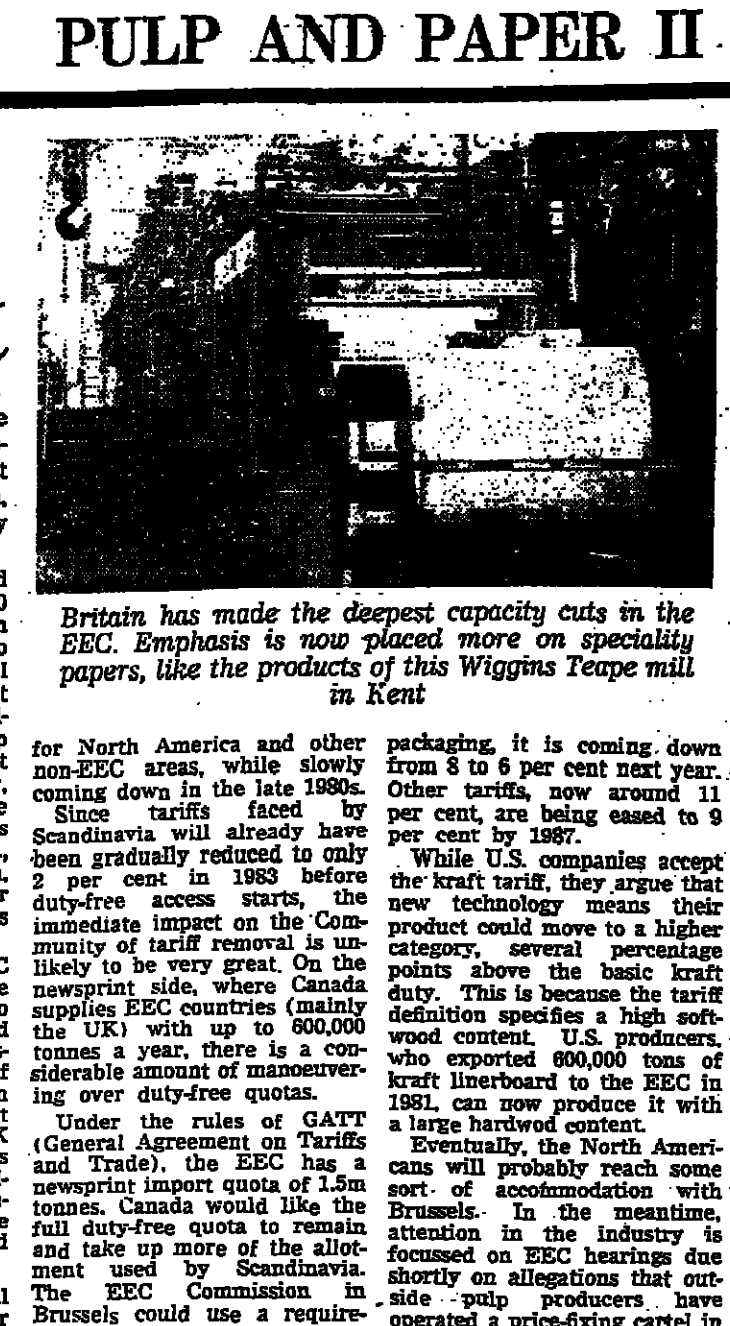
On top of the basic quota, the EEC can allow in up to a further 1.5m tonnes free of duty if member countries cannot meet enough newsprint demand themselves. This autonomous quota, called Protocol 13, is to stay. The newsprint tariff outside these quotas is around 5 per cent. For kraft liner, used in packaging, it is coming down from 8 to 6 per cent next year. Other tariffs, now around 11 per cent, are being eased to 9 per cent by 1987.

While U.S. companies accept the kraft tariff, they argue that new technology means their product could move to a higher category, several percentage points above the basic kraft duty. This is because the tariff definition specifies a high softwood content. U.S. producers, who exported 600,000 tons of kraft linerboard to the EEC in 1981, can now produce it with a large hardwood content.

Eventually, the North Americans will probably reach some sort of accommodation with Brussels. In the meantime, attention in the industry is focussed on EEC hearings due shortly on allegations that outside pulp producers have operated a price-fixing cartel in Europe. This is strenuously denied by the companies.

The EEC can wield its competition stick effectively when it wants to, however. Last month, it forced Feldmuhle of Germany and Sweden's Stora Kopparbergs to change their EEC supply and marketing agreements for newsprint after threatening action under the competition rules.

Andrew Fisher



Britain has made the deepest capacity cuts in the EEC. Emphasis is now placed more on speciality papers, like the products of this Wiggins Teape mill in Kent

U.S. optimism despite current pause

THE U.S. PAPER and board market surprised—and delighted—producers by holding up better than expected last year, even as the economy was sliding into recession. But the watchword in the industry is "last to go, last to recover." So the downturn in demand that finally began to affect the industry towards the end of 1981 could presage a period of weakness, especially if the economy does not pick up before the later part of 1982, as seems to be the growing consensus.

According to estimates by the American Paper Institute, the industry's New York-based trade group, production of paper and paperboard in the U.S. last year was 64.5-65m tonnes which was 1.3 to 2 per cent higher than in 1980 and close to the previous high of 64.6m tonnes in 1979.

The strong point last year was newsprint production, which rose 11 per cent to 5.2m tonnes. This increase reflects an important trend in the U.S. paper industry: the expansion of domestic capacity and the gradual substitution of Canadian newsprint imports.

Coated papers were also in strong demand from magazine publishers and commercial printers. Output of other major products such as tissue, paperboard, packaging and industrial papers was also up, but only slightly, and total output levels remain below 1979.

The relative strength of paper markets was a blessing for the U.S. forest products companies, which were suffering severely from the collapse of other wood markets such as housing construction and furniture.

Earnings were flat to sharply lower at major companies such as International Paper, Boise Cascade, Union Camp, Weyerhaeuser and Willamette Industries.

The squeeze on earnings has forced the industry to take major steps to contain costs, largely by rationalising production and investing in more efficient machinery. Energy conservation is also playing a major role.

According to the API, which monitors energy use in the industry, the use of fossil fuels and purchased energy per tonne of dried wood pulp, paper and paperboard in 1981 was about 2 per cent below 1980 and 28 per cent below 1972 when the energy crisis began.

Much of this saving is being achieved by using wood waste as an energy source. In the third quarter of last year, the API estimates, self-generated and residue sources of energy accounted for 52 per cent of the industry's total energy consumption, up from 41 per cent in 1972.

Despite its current problems, though, the U.S. paper industry continues to be one underpinned by long-term growth, and this is reflected in the heavy investment and capacity expansion, as well as modernisation.

The industry's basic optimism was captured in a recent speech made by Mr John Fery, chairman of Boise Cascade, who said: "The U.S. can be to world wood supply what Saudi Arabia is to world oil supply—only better. We can grow more wood for ever, but they cannot grow more oil."

Mr Fery claimed that the U.S. not only has the best and most accessible woodlands in the world, it is also the world's low-cost paper producer which means there is huge export potential not yet being realised.

The rapid build-up in newsprint and coated paper capacity has greatly increased the level of U.S. self-sufficiency in these products and stemmed the flow of imports, mainly from Canada. Much of the U.S. increase is also aimed at exports, mainly to the Far East and Europe where many domestic industries have been badly squeezed.

The result is a rapid shift for the better—from the U.S. point of view—in the trade balance in paper products. From a large net importer, the U.S. is gradually moving into equilibrium. Net imports, which were more than 5.5m tons as recently as 1978, were down to 3.5m tons in 1980 and appear to have fallen even further in 1981. In the first nine months, imports were running at an annual rate of $5.5bn, up 4 per cent, while exports were $5bn, up 5 per cent.

The wood products industry does not expect results in the first quarter of this year to be good. But some industry executives claim to be encouraged by the relative leanness of inventories, and say they hope this could feed the impact of renewed demand quite quickly.

David Lascelles

GROWTH IN U.S. CAPACITY

(m short tons)

	Additions 1967-81 15-year increase	Average yearly growth %	Additions 1982-84 3-year increase	Average yearly growth %
Paper	11.2	2.7	3.0	2.9
Paperboard	10.1	2.3	2.1	2.0
Construction grades	0.7	1.1	−0.1	−0.5
Total	21.9	2.4	5.0	2.3
Wood pulp	17.9	2.5	3.3	1.9

Source: American Paper Institute.

PROFILE: INTL. PAPER

Looking to the long term

INTERNATIONAL PAPER, the world's largest paper company, is in the middle of a huge $8bn seven-year capital spending programme which it hopes will make it one of the world's most modern and efficient producers. But the programme will also expand the company's wood products side and make it relatively less reliant on paper and allied products.

In the light of the severe weakness of the wood products market because of the housing slump, that might seem a questionable goal. But the company is looking to the long term, and it believes that a better balance between wood products and paper will enable it to make fuller use of the vast timber resources which are its chief asset.

It is also gearing itself up for what it expects to be a boom in exports as the fundamental strengths of the U.S. forest products industry assert themselves on the world market—like abundant supplies and low costs.

International Paper, based in New York, is facing tough times right now. The losses it suffered on its wood products business last year offset relatively strong earnings from the papermaking side and left it with flat operating profits. Net income for 1981 was $330.5m, compared to $334m in 1980, though the sale of its large Canadian subsidiary brought it a large gain which boosted final results to $525m. The sale was made partly to finance the capital spending plan. Sales last year were $5bn, about the same as the year before.

In terms of growth, it was International Paper's worst year since the last recession in 1974-1975, and in his year-end report to shareholders Mr Edwin Gee, chairman and chief executive, said: "I don't foresee any improvement in business conditions in the first quarter of 1982."

The company's best earning asset in the months ahead, ironically, could be the nearly $1bn proceeds from the Canadian sale which is earning market rates of interest, currently around 13-15 per cent. Some Wall Street analysts have even speculated that this cash hoard might make the company an attractive takeover target, though at the recent share price, any bidder would have to cough up some $2bn.

IP has a strong balance sheet, however. It has been able to finance its capital programme largely from continuing operations and redeployment of assets. Over the past decade, the group has undergone major changes, with several board chairmen, a heavy spending programme and a revamped corporate strategy.

D. L.

PROFILE: BOWATER

UK group's big stake in Dixieland

BOWATER, the major UK forest products group, has developed a marked southern accent as a result of its profitable entry into the U.S. market. By far the largest chunk of its trading profits—£81m out of £109m in 1980 — stems from North America. By contrast, the tale in Britain recently has been one of closure, redundancies, and waiting for the faint upturn in demand to become more vigorous.

The amount of land which Bowater owns, leases, or manages across the Atlantic—over 7m acres — is larger than the state of Maryland. Bowater accounts for about a tenth of the U.S. newsprint market and its mill at Calhoun, Tennessee, serving the Sunbelt, is the largest in North America.

Earlier this year, there was some market talk that Bowater could be the target of an assault on its shares, based on the underlying strength of its assets. Late in 1980, it decided to close its Ellesmere Port mill in the UK after heavy losses there. Consolidated-Bathurst of Canada is now engaged in reviving the newsprint side.

The UK group then sold off its loss-making Ralli cotton trading company to Cargill of the U.S. and more recently disposed of the Beautility furniture subsidiary.

In the first six months of 1981, profits before tax eased from £44.7m to £43m, but Bowater was looking for an overall improvement on the £85m earned in 1980. North American pulp and paper mills were operating at full stretch.

Back in September, when the first half results were announced, chairman Lord Erroll said there had been "some overall softening" in the markets for Bowater's products in North America.

Bowater has accumulated over 1m acres of timberland in the U.S. since starting operations there in the 1950s. Underneath some of these, in Tennessee, Georgia, and Alabama, coal deposits have been identified and a local company called Southern Natural Resources has embarked on a 10-year search for oil and gas.

In the UK, where national papermaking capacity has been cut sharply in the past two years, Bowater experienced higher margins after cutting costs and improving its efficiency. UK results were expected to end 1981 in broad balance. There is also the 50 per cent-owned Bowater-Scott tissue company, which had a slightly better first half but faces tough competition.

Apart from the general state of the market, Bowater has to contend with another major factor out of its immediate control—the position of sterling against the dollar. Each move of one cent against the pound is worth about £400,000 to the group at the pre-tax level. Thus Bowater has benefited from the strength of the U.S. currency since the pound fell from its unaccustomed heights last year.

A. F.

Takeovers reinforce Canadian producers

CANADA'S PULP and paper industry is facing another critical year. Hopes that the western recession would lift by midyear are fading, interest rates remain near the 1981 peaks, and difficult labour negotiations approach in the east. The western Canada companies, which produce the highest proportion of plywood and standard construction lumber, have seen the relatively strong profits of 1979 and 1980 turn into losses in some cases.

The lumber market is in the worst state for 35 years because of the heavy impact of high interest rates on North American housing starts. Demand for most pulp and paper products including newsprint began to falter in the fourth quarter, and the profit picture among the eastern companies has been better because of their heavy reliance on newsprint.

Several hundred thousand tonnes of new capacity in newsprint is due on stream in both Canada and the U.S. in the next two years, and this will lead to lower operating rates in Canadian newsprint mills for a time. Because of declining demand, and the pressure on profits, many companies in the west particularly have slowed down expansion programmes, made widespread shutdowns in the sawmills, and cut the pay of salaried staff. And in British Columbia the industry has asked the unions to agree to wage concessions.

In the east, the Canadian Paperworkers Union has vowed to make another effort to reach wage parity with the west, and has given notice that it will seek pay increases totalling between 30 and 40 per cent over two years, plus improvements in pensions and incentives for early retirement. Most contracts end on April 30.

Settlements in the West, after a six-week strike last year, were about 28 per cent over two years, and the employers argue that Canadian industry's wage rates are now climbing at nearly twice the rate of the U.S.

Adam Zimmerman, executive vice-president of Noranda Mines, which controls MacMillan Bloedel in the west and Fraser companies in the east, and Raymond Pinard, executive vice-president of Domtar, a major eastern pulp and paper and fine paper producer, have both warned the Canadian Paper Workers' Union that it cannot expect to achieve a wage catch-up in the eastern Canada negotiations this spring. They warn that the eastern companies will be much firmer in negotiations this year than many may think.

"We do not accept that increases have to equal or better the general inflation rate of 11 or 12 per cent," said Mr Zimmerman, and he suggested a 20 per cent increase over two years would be reasonable. Company margins are being squeezed hard because of the late 1981 fall-off in demand for newsprint and pulp. The market for high-quality bleached softwood pulp remains reasonably firm but there won't be any price increases this year, he said.

Lumber mills are working at about 50 per cent of capacity, where they have not already been closed down.

Though the lumber market was in a poor state for most of last year, the decline in pulp and paper products came mainly in the second half. Total 1981 shipments were 202m tonnes, down 3 per cent from 1980 and continuing the slippage since the peak year 1979 with 21.7m tonnes.

The Canadian Pulp and Paper Association's forecast is 20m tonnes for 1982, assuming some economic pick-up in the latter half of the year. In the first four or five months, the pattern may be affected by rebuilding of inventory of newsprint because of the possibility of a strike in the east.

Operating rates for all 1982 in the pulp, printing, writing and packaging grades will be about 90 per cent and in newsprint down to about 82 per cent. Costs are rising by at least the average Canadian inflation rate of between 11 and 12 per cent, and are not likely to ease at all this year because of continued increases in energy costs. Except in fine papers, which are protected by tariff, the Canadian industry sees a real danger of its being priced out of markets, especially if the balance of payments improves and foreign capital moves in to help finance the energy mega-projects, reducing the discount on the Canadian dollar.

This does not appear an immediate prospect, but in the past two or three years, exchange gains on all types of forest products sold in the U.S. and overseas at U.S. dollar prices have accounted for nearly half the industry's profits on average.

About three-quarters of Canada's pulp and paper products are sold on foreign markets, mainly in the U.S. The newest and most efficient American mills still lead Canada in productivity. The 1981 shipments by-product were: newsprint, 8.9m tonnes against 8.6m tonnes in 1980; book and writing papers, 789,000 tonnes against 899,000; kraft papers, 490,000 tonnes against 533,000; tissue and special papers, 390,000 tonnes against 378,000; containerboard, 1.5m tonnes against 1.6m; boxboard, 700,000 tonnes against 674,000; and wood pulp, 7.3m tonnes against 7.9m.

Containerboard and boxboard operations generally followed the course of the Canadian economy, and weakened during the last two months of the year. Most of the production is used in Canada.

Industry has spent more than $6bn over the past few years to improve efficiency and increase capacity, and some older mills in eastern Canada have received a new lease on economic life as the result of machine rebuilds and speedups, with the help of the federal-provincial aid programmes. The newsprint sector is forecast to reach 10.5m tonnes capacity in 1983.

Energy savings have been improved significantly, and by 1984 the industry's use of purchased energy per tonne of product will have been reduced an average of 30 per cent from 1972.

Reafforestation has become a priority issue in all areas of Canada since almost all the economic wood reserves are being harvested and wood shortages have appeared in some regions. Generally, wood costs in Canada are now about twice those of the southern U.S.

The pulp and paper industry over the past two years has become more concentrated in ownership, partly because of the opportunities for acquisitions provided by comparatively low stock market prices but also because some big groups of Canadian capital regard trees in the ground as a highly valuable resource for the long term and one that will keep up with world inflation.

Many managements in companies where the stock is widely distributed have welcomed takeovers by large well-financed groups because they know that huge amounts of new capital are required to keep the Canadian mills competitive. This applies mainly to the east, where the mills are older, but also the the west where much of the best forest areas have been exhausted.

MacMillan Bloedel has been taken over by Noranda Mines, a major resource and industrial products group itself controlled by the big Brascan holding company, of Toronto. Noranda in turn owns Fraser in New Brunswick and Maine, a major pulp, paper and lumber group with a large modernisation programme about halfway through, and also MacLaren Pulp and Paper, a western Quebec newsprint producer.

About a year ago the Canadian Pacific group, which for nearly 15 years has owned Great Lakes Forest Resources, the northern Ontario producer, took over Canadian International Paper from International Paper of New York, for about $1bn. This forms a very large pulp and paper, newsprint and lumber group with capital spending programmes of several hundred million dollars under way and including major mills from the Thunder Bay area of northern Ontario, through Dryden, Ontario, Gatineau and Trois in Quebec, and Dalhousie in New Brunswick.

Expansion and modernisation of the latter newsprint plant is being financed one-third by Japanese interests, which have also become long-term customers.

Robert Gibbens

CANADIAN PULP AND PAPER SHIPMENTS

(m tonnes)

	1980	1981†	Forecast 1982	(Per cent change on 1981)
By grade:				
Newsprint	8.6	8.9	8.2	(−7)
Printing, writing and sanitary	1.9	1.8	2.0	(+9)
Packaging papers and boards	2.9	2.9	3.0	(+3)
Pulp exports	7.2	6.6	6.9	(+4)
Total	20.7	20.2	20.0	(−1)
By destination:				
Domestic	4.3	4.4	4.6	(+3)
Export	16.4	15.8	15.4	(−2)
Total	20.7	20.2	20.0	(−1)

† Shipments affected by strikes idling 900,000 tonnes capacity.

Source: OECD working party paper.

PROFILE: MACMILLAN BLOEDEL

Problems of finance

CANADA'S largest forest products company, MacMillan Bloedel of Vancouver (now controlled by Noranda Mines) has been having to face some very tough choices in the past few months, along with other major companies.

MacMillan, a large producer of plywood construction lumber, pulp, newsprint and miscellaneous products, has been a major exporter to the U.S., Europe and the Far East for many years. But the collapse of construction in North America owing to record high interest rates and the impact of recession in Europe and some other areas, has forced MacMillan to review all its activities and cut back several expansion plans.

A $2bn five-year capital improvement programme has been largely deferred and the emphasis now "is fixing up what we have, making it more efficient and avoiding new ventures," says Calvert Knudsen, the company's chairman.

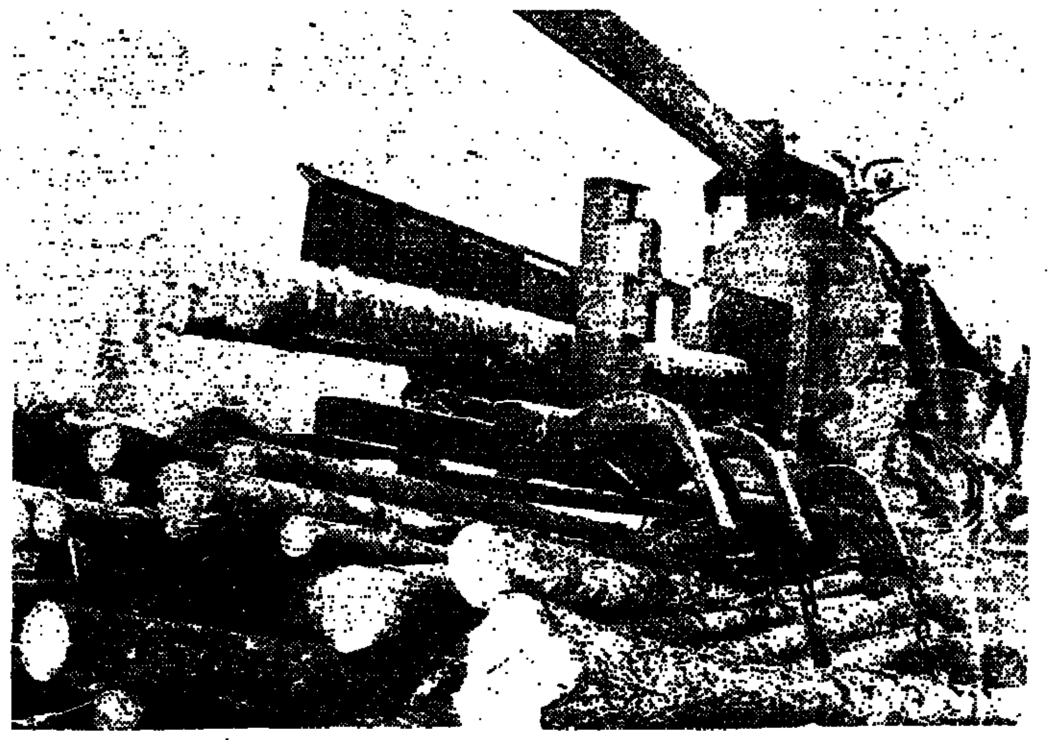
Capital spending overall in 1981 was about C$300m and will be less in 1982. Much of this will be to complete a U.S. lumber and plywood expansion. However, the new No. 11 newsprint machine at Powell River, British Columbia, one of the world's largest with capacity of 160,000 tonnes, was started up last year with lumber markets in the worst shape in 35 years, pulp weak and newsprint shrinking in the last few months.

MacMillan came in last year with an operating loss of C$26.7m against a profit of C$113m or C$5.03 a share in 1980. After a gain on the sales of a subsidiary, the 1981 loss became a net profit of C$3.3m on revenues of C$2.2bn against C$2.4bn. Besides depressed markets, last year's six-month strike in the British Columbia pulp and paper industry and high interest costs adversely affected the results.

R. G.

Financial Times Thursday March 18 1982

Nordic groups waiting for stronger market



Timber cutting in Scandinavia, where mills are keen to convert as much of their pulp as possible into higher value products instead of selling it to other markets.

MOST NORDIC pulp and paper companies have been reporting lower earnings in 1981 and anticipate a tough ride in 1982. In many grades demand is so far weak enough to prevent them raising prices in order to cover cost increases.

The catch question is whether the West European pulp and paper market will recover fast enough in the second half for the Nordic mills to be able to raise deliveries and firm up prices.

The pessimists, looking at the continued high interest rates in the U.S., argue that recovery will be delayed. The optimists find grounds for hope in the latest cuts in oil prices which, they argue, will stimulate the European economies.

However, both agree that 1983 will be a better year. Thus, after two years—1979 and 1980—of reasonable profit growth the Nordic manufacturers should get away with a fairly moderate two-year recession before returning to the path of satisfactory price and profit development.

This picture, of course, is too simplified. The outlook for individual companies and products is strongly differentiated and shaded by exchange rate fluctuations.

In Sweden last year Munksjö and the Vänerskog forest owners' company were put into the hands of the receivers. In Finland, where several companies were inspired by the boom of 1980 to invest in new machines, the heavy indebtedness of the companies is again a talking point.

Mr Bo Rydin, managing director of Svenska Cellulosa (SCA), the biggest and among the financially most successful of the Nordic companies, has reiterated on several occasions the industry's problem of raising finance for the investments in modernising which they will have to make to remain efficient in the longer run.

These remarks are made with one eye on the stronger profitability of many of the North American mills and with the other on what seem to the Nordic producers to be the depressed prices on the West European market.

The prices of pulp, newsprint and kraft liner board, three of the major Nordic exports to Europe, are largely determined by the North Americans. In matching this competition the Nordic mills have to operate with higher raw material and labour costs, a disadvantage which may not always be offset by higher transatlantic freight costs and by the current strength of the dollar.

The Finnish, Norwegian and Swedish members of the European Free Trade Association can reap an important, possibly decisive, advantage if they are regarded as an integral part of the West European market and trade barriers between them and their Common Market customers are dismantled.

This is a situation towards which they are moving under the terms of their trade agreements with Brussels and which they should reach in 1984. Here we arrive at the other end of the equation: a weak European paper industry which fears the competitive strength of the Finns and the Swedes.

Many EEC papermakers are anxious about the Nordic companies' thrust towards greater integration of their pulp and paper manufacturing, a development which they regard as reducing the sources of pulp available to them at the same time as the more effective Nordic mills make inroads on their paper markets.

French papermakers in particular are pressing for action by the EEC Commission to maintain some control over imports which could threaten key areas of their own industry. They are not alone in their fears. Italian and other Common Market papermakers are upset by Nordic investments, largely by the Finns, in greater capacity for printing and writing papers.

Another irritant in the mutually-dependent relationship in pulp and paper between the Nordic and Common Market countries is the charge fired last year by the EEC Commission that Nordic producers were colluding with North American manufacturers to fix the prices of bleached sulphate pulp within the Community.

The EEC asked for replies from 57 companies and organisations to a lengthy document detailing alleged evidence of "concerted price-fixing practice." The answers were filed by the end of January and the ball is now with the EEC Commission which can call "hearings" and eventually take action involving fines of around $250m.

The Nordic producers argue that their failure in the last quarter of 1981 to raise the price of pulp from $545 a tonne first to $600 and then to $580 demonstrate the sensitivity of pulp prices to market forces.

However, in addition to their short-term concern about market developments and their effect on profits, the Nordic companies are currently worried about relations with the EEC and with the Common Market paper industry. This is not a new situation but with less than two years to go before the remaining trade barriers should be removed to EEC imports of Nordic pulp and paper tension is sharpening.

The non-integrated EEC papermakers hold at the back of their minds a fear of the "scissors," which the Nordic companies can in theory operate by raising the prices of their market pulp at the same time as they hold down their paper prices.

The Swedes in particular indignantly reject this hypothetical scenario. They argue that the symbiosis between the Nordic and Common Market industries calls for co-operation not confrontation. But, they also insist, the badly needed restructuring of the combined industry calls for the generation of finance which will be beyond the capacity of most companies if substantial price increases cannot be achieved.

In this context the dilemma for the EEC Commission and Ministers is how much weight to attach to security of supply and the consolidation of the European industry and how much to the interests of consumers which could benefit from pursuing a favourable tariff policy towards the cheaper North American manufacturers.

Locked into this complex of issues is the question of future wood supplies and of Europe's growing deficit. The limits of their wood resources form a potent argument for the Nordic companies to extract the maximum added value by converting as much as possible of their pulp into paper products in their own mills.

Significantly, although the wood supply is less urgent a problem while the market remains sluggish and mills are taking downtime, the argument about forest taxation and incentives to forest owners to cut timber has recently flared up again in both Finland and Sweden.

Finland was thought to have found a more sophisticated and effective policy than Sweden by taxing forest growth rather than yield but in the 12 months to the end of June, 1981, cuttings fell 4m to 5m cubic metres short of the target agreed between the industry and the forest owners. This in spite of the fact that prices exceeded the agreed level.

Mr Matti Pekkanen, managing director of the Central Association of Finnish Forest Industries, called for sharper taxation of old timber stock. He warned that the industry's capacity might have to be reduced and new investments be severely scrutinised unless the wood supply could be assured.

The forest ownership pattern in both Finland and Sweden is the core of the problem. An increasing proportion of forest owners are city dwellers who regard their forest holdings as an asset rather than as a source of income.

The forest cut in Sweden last year was about 62m cu metres, reached after a 20 per cent lift in wood prices compared with 1980. The cut was well below the 70m level achieved a decade earlier.

For the record, Sweden produced just over 6.1m tonnes of paper and board last year or 1 per cent less than in 1980. About three-quarters went to export, bringing in a revenue of about SKr 13bn ($2.3bn).

Swedish market pulp output fell by 3 per cent to 3.5m tonnes, of which 2.8m tonnes were exported to a value of SKr 7bn. The volume of exports was about 4 per cent lower than in 1980.

Output of paper and board in Finland increased by 3.6 per cent to just over 6m tonnes but the volume growth in exports was less than 1 per cent, giving a total of 4.8m tonnes. Pulp production was curtailed and exports of pulp fell by as much as 13 per cent in volume to 1.7m tonnes.

The smaller Norwegian industry experienced a 2.6 per cent cut in paper and board exports to just over 1m tonnes, although its newsprint deliveries rose by nearly 10 per cent to 573,000 tonnes.

William Dullforce

Lower energy costs the main target in UK

AMONG THE various sectors of British industry which have been exerting pressure on the Government to bring energy prices into line with the rest of Europe, paper and board manufacturers have been the most vociferous.

The industry's main objective is to achieve equal opportunity—in terms of operating costs—with European competitors who have been able to undercut British mills over the past 18 months. European competition has contributed to the British mills' loss of market share, both at home and abroad, and reductions in capacity.

According to the British Paper and Board Industry Federation, mills on the Continent enjoy a wide range of energy price advantages. UK oil prices are judged to be 20 per cent higher, due mainly to UK excise duty, and recent falls in crude prices are being reflected more significantly in Continental fuel costs than in Britain.

British electricity prices are said to be up to 20 per cent higher, mainly because the electricity supply industry "does not give full benefit to energy-intensive continuous process consumers," according to the federation.

"While the freeze on gas renewal prices has helped to bring UK prices into line with those on the Continent, new increases applied later were of major concern to gas consumers," it added. However, Budget measures to freeze gas prices for large users during 1982 were welcomed by the federation.

On coal, the industry believes that the Government's £50m grant scheme to assist in the conversion of oil and now gas boilers to coal has been ineffective because mills must pay 75 per cent of the cost, too high a proportion at a time of liquidity problems for many companies.

Broadly, the Government's response to these complaints has been that Continental energy supplies are widely subsidised by governments and that the UK is seeking through the EEC to have these reduced, and the Government will not therefore agree to subsidies in Britain.

While the federation accepts the Government's policy of seeking to stop subsidies within EEC countries on energy, it is requesting equal opportunity on the basis of aid until the Government's objectives on ending subsidies are achieved.

Mr John Adams, director general of the BPBIF, said the paper industry was not seeking subsidies on energy prices, but wanted the UK to adopt an energy policy which ensured an opportunity to compete on equal terms with competitors.

The federation has therefore asked for an £8 a tonne reduction in excise duty on heavy fuel oil, firmer instructions to the electricity supply industry that prices to continuous process industry must be at the lowest economic level.

The federation points out that a reduction in heavy fuel oil excise tax would be fairly inexpensive to the government in revenue terms, and that it is now important to restore the competitiveness of the UK paper industry, which has suffered severe contraction, with consequent increases in imports.

The industry also wants a more open tariff structure for gas, so that fairness of pricing can be seen over the country with significant discounts for volume and interruptable supplies, especially for bulk users of more than 1m therms a year.

The arbitrary nature of recent gas pricing policy has been spotlighted by comparing two very similar mills which renewed contracts before and after the December 1 cut-off point for new gas prices.

One would pay the old price for three months, followed by nine months at a penny a therm more, while the company renewing its contract after the cut-off would have had three price rises over the next year, taking its price to 3p a therm more than the first mill. However, Budget measures affecting this have yet to be clarified.

The industry's other main cause for concern has been what it sees as the Government's ambivalent attitude to investment in energy-saving.

At present, energy costs on average represent 17 per cent of a paper mill's total production costs compared to 13.6 per cent in 1979, although this varies considerably from grade to grade. The most energy intensive grade is newsprint, although only 8 per cent of UK consumption is now produced in Britain, while wrappings and packagings and packaging boards are also expensive in energy terms.

It is therefore very much in the interests of paper and board companies to go ahead with conversions to coal or other energy saving projects, but a succession of these have been postponed or cancelled due to the inability of companies to find the necessary capital to go ahead.

This is particularly annoying for management, since the payback period of conversions is often as short as 2½ years, but an increase of the Government grant scheme's contribution to perhaps 50 per cent of total cost would certainly encourage more conversions.

The UK paper industry, understandably, has been annoyed by the Government's apparent refusal, advocated by the Treasury, to accept millions of pounds of low-interest EEC funds which are available to assist in the conversion of boilers to coal. About £400m was allocated to Britain for this purpose at the end of last year.

This refusal is said to have perplexed EEC officials who have said that the funds eventually will be used by other Community countries for reducing their dependence upon oil if not done so by Britain.

Viscount Etienne Davignon has accused the British Government of operating a "silly device" to restrict to £15m the amount British companies can borrow in Brussels for this purpose. He was referring to the Treasury's approval for foreign exchange risk cover for interest repayments for only £15m for boiler conversions.

There are also fears that despite falling oil prices, the UK's energy prices will move even further out of line with the rest of Europe.

West Germany is said to have set aside DM 8,000m for energy efficiency assistance for industry in the next four years, a sum which overshadows even France's considerable spending in this area. Holland has recently completed a study on energy efficiency in the paper and board industry, and is likely to instal 18 new combined heat and power plants using gas turbines.

According to federation figures, the increase in energy costs to the UK paper industry between the third quarter of 1980 and the third quarter of last year, averaged 17.3 per cent for all fuels consumed. During the period heavy fuel oil rose in price by 22.7 per cent, natural gas by 20 per cent, purchased electricity by 11.6 per cent and coal by 9.1 per cent.

It is pointed out that during the same period the general index of retail prices rose by 11.3 per cent and the selling price of a broad range of paper and board by 6.4 per cent.

Lorne Barling

HOW ENERGY COSTS COMPARE

(April 1980-April 1981)

Canada	100	8.5%†
South Africa	123	13.3%
Australia	129	16.8%
Sweden	142	4.4%
France	161	6.5%
Holland	169	18.8%
U.S.	181	22.1%
Italy	207	26.0%
West Germany	210	15.8%
UK	242	16.7%

† Rise during period.

Index calculated on basis of electricity costs by Grieveson Grant, UK stockbrokers.

Source: British National Utility Science/Paper.

Packaging materials gain ground after setbacks

PACKAGING, AS the biggest user of paper and pulp products, is the battleground on which they contend with rival materials and where signs of success or failure often first appear.

In recent years, the biggest challenge has come from plastics, which have swallowed up whole sectors once dominated by wooden boxes, corrugated and carton board, paper bags and wrappers.

Plastics emerged as a spin-off of the petrochemicals industry in the years of cheap oil. The troubles of paper packaging were then compounded by the two oil crises of 1974 and 1979. The only compensation for paper packaging makers was that the high energy prices also fed directly into plastic film prices and the fact that paper is easier to recycle.

Nevertheless, although the battle still splutters, paper appears to have absorbed the worst of the competition from plastics and, while losing ground in some areas, it has gained ground at the expense of other forms of packaging, including glass.

In her report Cost and Availability of Packaging in the UK to 1985*, Rowena Mills, the industry's senior economic analyst, predicts that over the *next three years the world pulp* and paper industry will increase its capacity of pulp by 13m tonnes a year and of paper and board by 20m tonnes a year.

Capacity for packaging paper and board is planned to rise by 2.5m tonnes in North America by 1983, with a trend towards greater use of virgin pulp for corrugated and carton board. The major growth in use of corrugated is likely to come from developing countries, and U.S. producers might be hard pressed to keep up with demand.

More detailed forecasts published by the U.S. Department of Commerce say that by the end of 1985 paper and paper board converting industry shipments will be worth more than $30bn, more than 40 per cent of it sanitary paper products. The upturn, expected to last throughout the first half of this decade, began towards the end of 1980.

The U.S. packaging sector's downturn after the second oil crisis was modest compared with that after the 1974-75 recession. The volume of shipments in 1980 was down only 3 per cent which was expected to have been wiped out last year.

The large corrugated and solid fibreboard case industry, accounting for 45 per cent of the combined annual value of deliveries, provides the impetus for the recovery.

The shares taken by the various paper and board packaging sectors in Britain are not dissimilar to those in the U.S. The major differences lie in Britain's heavy reliance on imported raw materials.

In 1979, nearly half the pulp used for paper and board making in Britain was used ultimately for packaging compared with 9 per cent of the total for newsprint, and 25 per cent for printing and writing papers (packaging took 47 per cent).

Of the material used for packaging, imports accounted for 44 per cent of UK corrugated consumption; 22 per cent of packaging boards and 62 per cent of packaging papers.

In 1979, the corrugated case sector purchased about 43 per cent of its materials from abroad. Kraft liner, the main ingredient, was all imported, two-thirds from the U.S., and one-third from Scandinavia.

The main competition to corrugated cases came in the form of wraparound cases and automatic packaging equipment, both of which meant that the corrugated board had to be of the highest quality.

UK consumption of folding cartonboards in 1979 was 580,000 tonnes, of which 47 per cent was imported (compared with 35 per cent in 1974). The period also saw growing imports of finished cartons from Western Europe.

The latest assessment of the UK paper packaging industry is that published in the January and February issues of Packaging Review. Its theme was that although in some areas 1981 was the worst year on record, it could prove to have been the bottom of the recession.

The magazine expected sales of paper sacks to be more than 10 per cent below the previous years; firbreboard had the worst year on record and faced an increasingly critical situation; carton board showed remarkable resilience with folding cartons down 4.5 per cent, and with over-capacity at 25-30 per cent.

Cellulose was the one British sector which had held imports at bay, to about 5-6 per cent of UK consumption. Even the UK plastics film industry—the chief competitor to wood-based cellulose-faced imports of 14 per cent.

Moreover, UK cellulose makers exported 58 per cent of their output, compared with 10-11 per cent for plastics film.

At the specialised converting end of the industry one of the main successes of paper-based packaging has been in the soft drinks and milk market. Sales of milk in cartons in Britain now account for 14 per cent of all milk sales.

U.S. MARKET SHARES OF CONVERTING INDUSTRIES

	%
Corrugated and solid fibreboard cases	45.7
Bags	19.9
Folding cartonboard boxes	13.5
Sanitary food containers	12.5
Fibre cans, tubes and drums	6.1
Erected or rigid cartonboard boxes	2.2

Source: U.S. Department of Commerce.

Over the past five years, sales of milk in cartons rose by nearly ½m litres, while the amount sold in other containers fell by more than 1m litres.

Although paper cartons are not a major threat to doorstep delivery of glass milk bottles in Britain, they are a force to be reckoned with. Three companies, all of them foreign-owned, dominate the market: Liquid Packaging, Tetrapak and Bowater Consumer Packaging.

Liquid Packaging, which claims 45 per cent of the UK market, was formerly Canadian-owned but recently became a subsidiary of a Norwegian company. Tetrapak, which claims 40 per cent of the UK cartoned milk trade, is Swedish-owned.

Maurice Samuelson

*Cost and Availability of Packaging in the UK to 1985, by Rowena Mills (Economist Intelligence Unit, price £120).

GROWTH IN PAPER AND PAPERBOARD DEMAND 1965-95

(m tonnes)

	1965	1978	1985	1978-95† (per cent)
North America	45.3	64.0	86.5	1.8
Western Europe	24.6	38.7	60.2	2.6
Japan	7.4	16.4	31.5	3.9
USSR/Eastern Europe	8.3	15.6	26.3	3.1
Rest of world	11.8	26.4	72.8	6.2
Total	97.4	161.1	277.3	3.2

† Annual growth.

Source: Jaako Pöyry/Paper.

Brazil developing capacity to meet expected demand

AS THE EARTH becomes more crowded and its peoples more demanding, the use of wood for conversion into paper and board can be expected to increase rapidly for the rest of this century.

While the pulp and paper industry is dominated by North America and Europe, where the emphasis is on Scandinavia, other countries with ample forest resources, such as Brazil, are making preparations for big increases in their capacity to meet new demand.

Each year, the world uses more than 2.5bn cubic metres of wood. Nearly half of this is for fuel, mostly in the developing countries. Much of the scattered forests are simply wasted, one estimate being that an area of tropical forest area equal to over half of Sweden's total forest regions is destroyed annually.

In the next decade, the world's population is expected to grow by about 1bn people to 5.5bn, passing the 6bn mark by the year 2000. During the 10 years to 1980, world consumption of wood for paper and board products went up from 315m cubic metres a year to 470m and is estimated to reach 670m by 1990.

Only a small amount of this extra demand is likely to be met through recycling used paper and fibres, according to statements at last year's SCPF management symposium in Stockholm arranged by the Swedish Pulp and Paper Association. Re-used fibres already make up almost half of the raw material used in the EEC for paper and board. In Japan, it is just over 40 per cent.

Recovery is much lower in the U.S., Sweden and Canada, but thinner population density makes waste paper collection harder.

So which countries will be able to supply the expanding market? North America, with its vast natural resources and cheaper energy, will clearly have a major share in the Western European market which cannot be supplied entirely by Scandinavia, the EEC and other countries.

Although the USSR and Eastern Europe have large forests and export wood products in large quantity, the forbidding climate in Siberia where most of the Soviet timber grows and high transport and other costs make any major increases unlikely.

Developing nations such as Indonesia and Malaysia in Asia and the Ivory Coast in Africa are major timber exporters, while the role of South America is likely to show a major increase as the Amazon basin forests are developed. Other countries such as Australia, Japan, China, and New Zealand are developing their paper industries, but are already large net importers of wood products.

South Africa, too, has embarked on an expansion programme aimed at reducing or eliminating dependence on imports and raising export capacity. The country's largest producer, Sappi, is spending R800m ($812m) on a pulp and paper mill in eastern Transvaal. Mondi, owned 63 per cent by Anglo American Industrial, is also investing R520m in a pulp mill at Richard's Bay on the Natal coast.

But it is Brazil that the industry chiefly thinks of when considering producers outside the traditional pulp and paper regions of North America and Scandinavia. According to the Brazilian Pulp and Paper Association, the country's annual paper and board capacity is due to rise by 1.5m tons by 1988.

Altogether, according to a recent report in Pulp and Paper International, as much as $60bn is going to be sunk in Brazilian natural resource projects including pulp, paper and board investments. On the forest side, an extra 750,000 hectares of new woodland is planned. Although domestic demand was down sharply in the first 10 months of 1981, it is expected to accelerate in the next few years.

Brazil's paper and board output in January-October was 2 per cent lower at over 2.7m tons, with exports up 68 per cent to 242,000 tons. Chemical pulp production fell by over 2 per cent to nearly 2.4m, with exports 24 per cent down at 543,000 tons.

Brazil's production is still small in world terms, admitted Erling S. Lorentzen, president of Aracruz Celulose, at last autumn's pulp seminar organised in London by Paper magazine.

But, he added, "Brazil has undoubtedly already entered the arena and is likely to play an increasing role, particularly as supplier to non-integrated European and other paper producers in the future." Integrated producers, as in Nordic countries, make pulp into paper and board on the same site.

One man who has obviously not been happy with his own involvement in the Brazilian forest industry is Daniel Ludwig, the secretive American businessman. Earlier this year he finally sold out to a Brazilian consortium for some $280m after trying for 15 years to build up a profitable operation in the Amazon. Problems with the trees themselves and in his dealings with the Government finally decided Mr Ludwig to pull out of the ambitious but ill-starred Jari project.

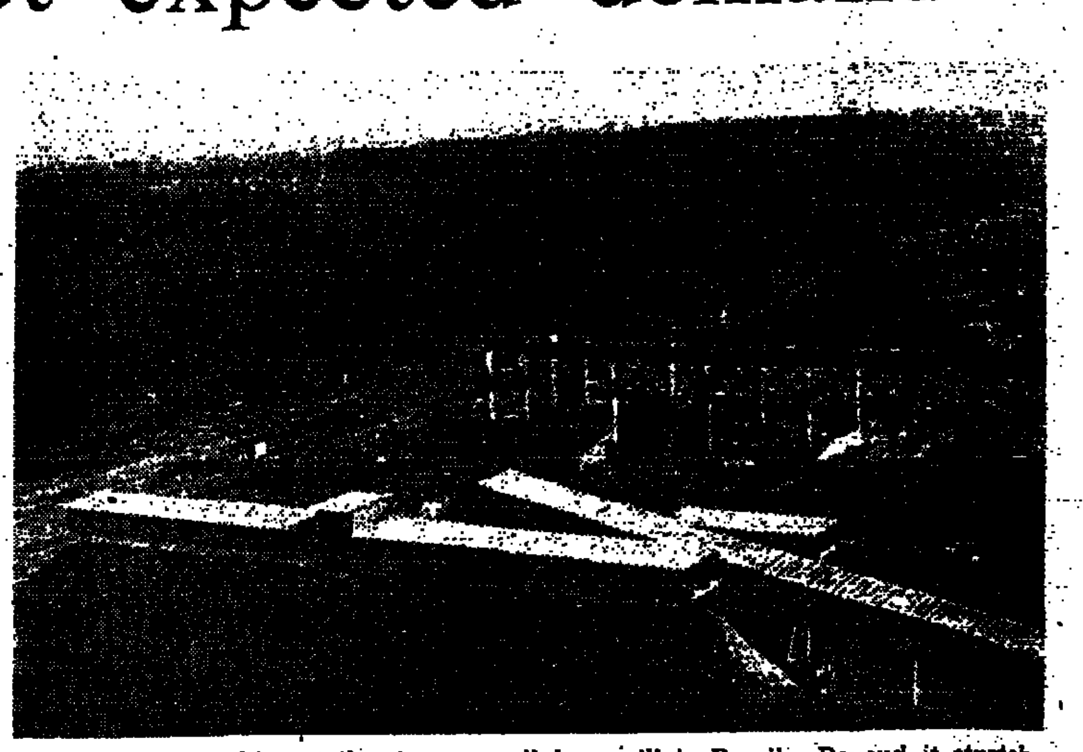
According to Mr Lorentzen, Aracruz's forest attempts, begun 13 years ago, have met with a good deal of success. The company set out to create a forest which would produce the fastest-growing, homogenous, high-density eucalyptus trees in the world at low cost.

Its first results gave an average yield of some 35 cubic metres a hectare, much better than it expected. This is about 10 times the average annual yield in Scandinavia and the northerly part of North America. Aracruz, which has invested $640m, is now developing its "second generation" forest and hoping for a yield of 50-60 cubic metres per hectare annually. Mr Lorentzen named the principal reasons for the results to date, with work continuing on raising the cellulose content of the trees, as "scientifically developed genetics, regular rainfall, stable and relatively high temperatures, and a lot of sunshine."

A number of other countries, especially in Asia, enjoy these advantages of climate as well. Japan, one of the largest users of paper but hampered by a lack of natural resources, is keen to make use of the opportunities offered in southeast Asia.

More than Y20bn ($84m) is likely to be invested by 11 Japanese pulp producers grouped in the Japan Overseas Afforestation Association in forest plantation in southeast Asia. The areas chosen—some 120,000 hecatres in all—are in Mindanao in the Philippines (50,000 hectares), Balikpapan in Indonesia (24,000), Open Bay in Papua New Ginea (20,000) and Guadalcanal in the Solomon Islands (30,000).

Japan wants the additional 2m cubic metres of pulpwood which the investment should produce each year to help secure supplies for its industry, which has to import about half of its needs. Low interest financing will be sought for the project which is aimed at meeting about 15 per cent of the country's pulp imports in the first phase of 10 years or more.



Stock of wood chips at the Aracruz cellulose mill in Brazil. Beyond it stretch eucalyptus forests, some of the fastest-growing in the world

Under study in New Zealand is a $300m proposal by NZ Forest Products to improve and enlarge its Kinleith pulp and paper plant, the largest in the country. New Zealand raised its export revenues from forest products by a tenth in the 12 months to last September to NZ$585m ($460m), its main markets being Australia, Japan and the Asian and Pacific region.

China, where the eunuch Tsai Lun is said to have invented paper in the year 105 AD, also has an expanding paper industry. Not surprisingly, it has plenty of China clay to use in coating paper for higher quality.

A recent article in Pulp and Paper International stated that only 10 per cent of the wood cut in China went into pulp and paper output, with about 400,000 tons of pulp imported each year. Its yearly paper consumption is 6m tons, a mere 7kg per head. Paper could therefore be set for substantial growth in the country where it all began.

Andrew Fisher

Revolution in technology is essential

THE PULP and paper industry could well be on the brink of a new technological era. Far-reaching changes will come before the year 2000 that will alter the face of the industry.

This was the message of the world's pulp and paper scientists, men from industry, from the universities and from research institutes who attended the Seventh Fundamental Research Symposium at Cambridge, the latest in a four-yearly series organised by the British, U.S. and Canadian trade associations.

A technological revolution is essential because the Europe community's pulp and paper industry is in difficulties and life will become harder for her more prosperous North American and Scandinavian counterparts.

The problem is a universal one, stemming from drastic changes in the basic economics of papermarking during the last decade. There have been massive rises in the cost of energy, raw materials and capital equipment, and in mandatory environmental precautions.

The industry is ill-equipped to deal with all this, for pulp and paper machines have become immense. Sometimes occupying a whole acre and costing millions of pounds, the big modern machine is capital-intensive, energy-intensive and uses too many raw materials.

Experts believe that the technological breakthrough will come sooner rather than later. Mr G. Place, vice-president of research and development for Proctor and Gamble of the U.S., believes that the 1980s will see major "discontinuities," and that entirely new pulp and paper machines will appear.

"I am confident," he said, "that the decade of the 1980s will be recognised by future historians as a time of great changes, changes as fundamental and decisive as the changes that occured during the first industrial revolution."

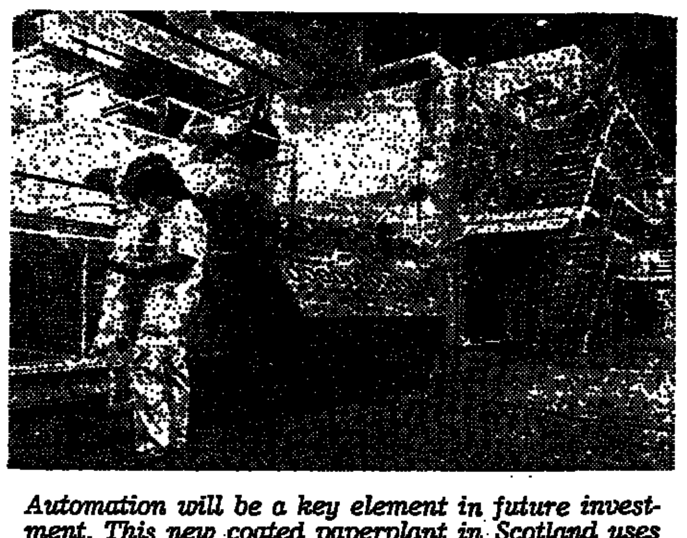
Certainly, a quantum leap forward in paper technology is needed if the industry is to adapt and face up to mounting pressure from outside.

Two new rivals are challenging papermaking, one at the primary level of wood supply, the other in the marketplace. Biotechnology has joined in competitive bidding for wood as a basic feedstock, while the new electronic information processing industry is threatening the primacy of the written word.

Already the French telephone company is replacing individual telephone books with an electronic inquiry system, and a satellite gives Parisian, London, or Helsinki lawyers access to a computer-based legal library in Ohio in the U.S.

By the mid-1980s when telecommunications switch from analogue to digital techniques, the language barriers between computing and communication will fall and the flood gates will really open. The generation and transmission of sound and pictorial information by digital means is close at hand.

And the market is being conditioned to such change. Already, to the children nurtured on a television culture, the audio-visual image rather than the written one is the natural means of receiving information.



Automation will be a key element in future investment. This new coated paperplant in Scotland uses modern electronic controls for its secret process

What is the papermaking industry doing to meet this challenge? Not enough, it would seem, for it is falling behind its competitors in basic investment in research and development. While pulp and paper ploughs back a mere 0.8 per cent of sales into research, electronic communications plough back 4 to 6 per cent and chemicals 2 to 3 per cent.

This lag stems from the 1960s when the pulp and paper industry, used to cheap energy and plentiful raw materials, concentrated on applied rather than pure research. It seemed unnecessary to develop new ideas — and find the finance — for plans that might challenge the established order, make capital plant redundant and change patterns of work.

Meanwhile, technological revolutions were taking place elsewhere, and the industry found itself facing the 1980s with a largely static technology.

In the crucially important area of energy, for example, the industry is still using brute force to pulp its wood. Whereas, according to Mr Peter Wrist, vice-president for forest technology of the U.S. Mead Corporation, "if this process were done in a thermodynamically efficient manner, it would use only 1 per cent of the energy typically used today."

A lot of fibre is also wasted due to ignorance of the basic chemistry of papermaking. The chemicals used in the pulping process are 25 per cent effective and 75 per cent unpredictable and, not unlike the drugs prescribed by doctors, they can have harmful side effects and destroy precious fibre.

In the late 1970s pulping chemistry made a major leap forward with the discovery that anthraquinone (AQ) had a dramatic accelerating effect on delignification, the process which separates cellulose fibre from the lignin binder that holds the components of wood together.

Already there have been significant commercial spin-offs. Added to the digesting process, AQ reduces the cooking time by up to 50 per cent or the temperature by several degrees, thereby boosting the pulp yield and saving energy. It cuts sulphidity in kraft pulping and reduces noxious odours.

AQ's greatest exponent so far is Japan, a country without raw material or energy resources that must stay with the vanguard of R and D to survive. Some 40 per cent of Japan's pulp makers use quinone formulations and demand is expected to grow. A new pilot plant is producing tetrahydroanthraquinone (THAQ) in solid form for easy transport.

Japan stands at a turning point and must prepare for the possibility of crisis, says Mr Hiroshi Asoaka of the Japan Pulp and Paper Research Institute (JPRI). Since the country's future will depend on invention and innovation, the Tsukuba Scientific Community has been set up north of Tokyo to foster cross-fertilisation between research and technological need.

It embraces the University of Tsukuba, 49 ministerial research institutions and 24 private research institutes including JPRI and will create "an environment in which fundamental, comprehensive and innovative researches can be carried out."

The whole paper and pulp industry must think in these terms and invest in its future. Otherwise, to quote Mead's Mr Wrist, "we may find, as the papyrus cutter before us, that a new product has replaced us in the marketplace."

Margaret Marley

Margaret Marley is News Editor of Paper magazine.

Future markets depend on change

THE OPTIMISTIC view of the future of the world paper and board industry is that technological developments in electronics and media in general will create new markets for existing products, though inevitably in modified forms, rather than reduce the overall use of paper.

For example, the widespread use of computers, while displacing paper in the role of information storage, has created a major new market for print-out paper, and many believe that in the same way its use will continue in other areas, though in a changed form.

It must also be recognised though that some fundamental changes must be made in the industry's structure to meet demand for new, higher value-added products, at prices which are competitive. While the days of the telephone book may be numbered since electronic retrieval is clearly more cost effective, the qualities inherent in paper remain irreplaceable in many applications.

In recent years the development of the world paper and board industry logically has been towards bigger, faster machines which give economies of scale. But their lack of flexibility, high capital cost and energy consumption (though lower per tonne of paper than small, older machines) present severe drawbacks.

However some research and development executives within the major companies believe that a whole new generation of machines and processes is now approaching, not so much as a result of technical breakthroughs already achieved, but because of the industry's inability to continue in its present form.

Its problems stem from a dramatic revolution in outside factors over the past decade, notably in energy, raw materials, environmental requirements and most important, in the cost of capital equipment.

The prediction that the paper industry is at the beginning of a new era was made at the Fundamental Research Symposium in Cambridge, last autumn.

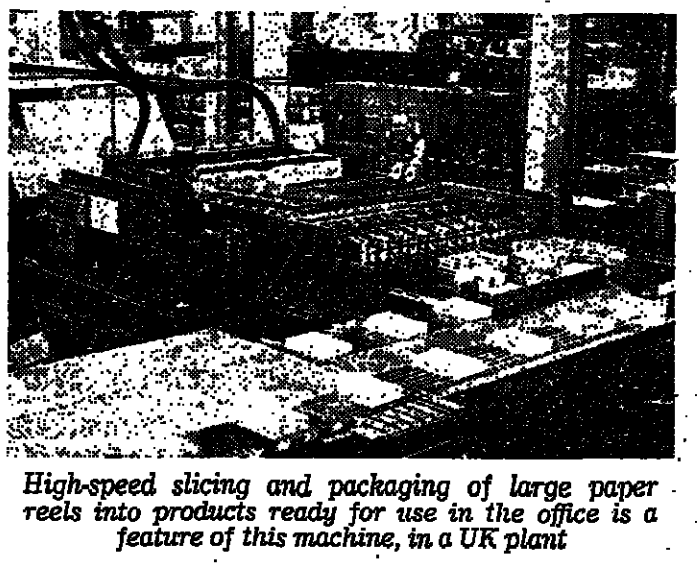
It was made clear at the conference that a great deal more money now needed to be spent on basic research, which would provide the means to introduce more efficient paper manufacturing techniques. However, experience had shown that the time taken to turn ideas into practical methods was long, and urgency was widely expressed.

It was pointed out that the means currently employed to accelerate reaction rates in the pulping of wood were mainly by using nothing but force. However, technological breakthroughs resulting in highly-efficient processes could cut enormously the amounts of energy used.

Dr Alfred H. Nissan, of the U.S. company Westvaco, believes that innovation is now essential, but will not bear fruit until the late 1980s. He told the conference that research since the late 1960s had generally been directed towards clear targets, but obeyed the "imperative of the bottom line."

Some immediate benefits had been reaped, but the overall picture was of an industry with a static technology, living off the fat of the creative 1950s. Through incremental improvements to existing methods, the industry had got by in an era of cheap energy and plentiful raw materials.

Dr Nissan told the conference that in the U.S. a committee had been set up by the trustees of the Institute of Paper Chemistry to look into the state of innovation in the industry, and one of its recommendations was that the industry should double its research and development effort in the next five years, and quadruple it in the next ten.



High-speed slicing and packaging of large paper reels into products ready for use in the office is a feature of this machine, in a UK plant

On the product side, there are clearly enormous opportunities if technical breakthroughs of this kind can be achieved, since lower costs would allow whole new markets to be exploited.

Mr Derek Croxon, managing director of Kimberly-Clark and president of the British Paper and Board Industry Federation, said recently: "We have to innovate both product and process to hold on to our UK state. Speciality grades will need investment, that is across a broad spectrum."

A major contender for new investment was combined heat and power schemes, where a public utility provides steam for industrial use, and other energy saving measures.

On marketing, he said that there was wide scope for the introduction of new products, often specially designed for customers, and that the marketing policies of soft-tissue manufacturers should be seen as a route for other sectors to follow.

Overall, the UK is widely recognised as being behind many other countries, particularly the U.S. on new applications for paper products, such as kitchen towels, which have been slow to be widely accepted.

It is therefore argued that combined efforts to developed acceptable new products, and market them intensively, should be adopted more broadly within the industry.

However, the funds needed for both these activities, particularly new product development, are often beyond the means of smaller companies which have suffered badly during the recession. But unless moves are made in this direction, their position is unlikely to improve, industry leaders fear.

Lorne Barling

Research vital for progress

THE Paper Industry Research Association (PIRA), based at Leatherhead in the UK, will almost certainly play a vital role in the next few years in the development of the British paper industry, but much depends on the willingness of industry to use the association's resources.

PIRA, which employs about 200 people, mostly graduates, is supported to a relatively small extent by members' subscriptions, but relies largely on funding for specific research projects, which are selectively supported on a pound for pound basis by the Government.

According to Mr Colin White, PIRA's marketing manager in the paper and board division, some sectors of the British industry face extinction unless they adapt quickly, while others, such as tissue manufacturers, have a clear idea of where they are going.

He points out that the dilemma facing many paper companies is that they cannot justify investment in new equipment on the basis of returns in the past, but if they do not they may not survive as a result of falling behind.

PIRA therefore has an important role in providing a forum for examining new technology and bringing together companies and financiers, Mr White suggests. "Britain has the technology, but it is not always applied in the right way," he said.

The association is somewhat frustrated by the fact that it has access to research funds, partly through the European Community, but the UK paper industry is extremely slow in coming forward with proposals for specific research.

It is accepted that few British paper companies have the resources to carry out research alone on a broad basis, in the belief that at least one avenue of inquiry will provide rewarding results, and PIRA therefore advocates support by groups of clients for research of this kind.

One problem which seems to cause concern is the fear that broad research on this basis will provide competitors with vital information, but Mr White does not believe this to be the case. "We are trying to get the British industry to find common ground, so that we can get rid of this competitive hang-up," he said.

Some of the broad areas in which PIRA is now doing research or hopes to do so, are categorised into materials, energy utilisation, manufacturing technology and plant and machinery development.

On materials, it is looking at the production of pulps for indigenous raw materials in small-scale pulping units; development of the biological degradation of lignin; improvements to the quality and strength characteristics of waste paper; maximising the use of cheap fillers; and maximising the retention of raw material.

In the energy field, the association is examining better refiner design and control to minimise energy use, maximising water removal and improving drying methods and studying development of energy techniques for steam and electricity.

On manufacturing technology, PIRA is doing research to integrate management and process control systems, improve the efficiency and automatic control of finishing operations, the development of on-line quality testing equipment and on the use of robotics for paper machine operation.

Finally, on plant and machinery, it is looking at the development of more efficient methods of stock preparation and cleaning, lower cost de-inking methods, dry forming, combined wet and dry forming and applying low cost forming systems to product forming and process improvement.

Lorne Barling

COMMODITIES AND AGRICULTURE

Russia favours cod fishing ban

By Fay Gjester in Oslo

RUSSIA favours strong action to protect threatened stocks of Arctic cod, and would be prepared to accept a complete ban on cod fishing in the Barents Sea until stocks have been rebuilt, according to the Soviet Fisheries Minister, Mr Vladimir Kamentsev.

The Norwegians—who fish the stocks jointly with Russia—believe such a ban would be unnecessarily drastic and that it would "lay waste" fishing communities along much of Norway's coast, according to Norwegian Fishing Minister Thor Listau.

The Ministers' remarks came during a press conference in north Norway at the weekend, at the end of a four-day visit to Norway by Mr Kamentsev.

Russia and Norway also disagree about the link between seal-culling and fish catches. The Norwegians believe that a growing seal population is partly responsible for falling catches. They want to double the 1981 seal catching quota to 120,000 animals this year, but Russia is only willing to raise the quota by 15,000 to 75,000.

Walker to open soya oil market

By Our Commodities Editor

MR PETER WALKER, UK Minister of Agriculture, is to open the new soyabean oil futures market in London on April 19—by coincidence also the launch date for the London gold futures market.

This is the third attempt to introduce a soya oil futures trading in London; the previous two attempts in 1967 and 1978 failed to attract sufficient support. However the backers of the new market believe that it has a much better chance, primarily because it will be an EEC-based contract, operating in the European time zone, and trade in dollars rather than sterling.

This should help spread the appeal of the market throughout the EEC. At the same time it is felt that the need for futures trading has greatly increased in recent years with the switch away from fixed price, back-to-back deals.

Another advantage is that the new soya oil contract will trade on the same floor as the established soyabean meal futures market in the London Commodity Exchange at the Corn Exchange. It is expected that the soyameal contract will change from sterling to dollars.

Gloomy start to farm talks

BY LARRY KLINGER IN BRUSSELS

THE ANNUAL talks to fix guaranteed prices for the European Community's 8.7m farmers began in Brussels yesterday, with little hope being held out of significant progress being made before the question of Britain's EEC budgetary contributions be settled.

The Agriculture Ministers' deadline for a price settlement is for the first week of April, when the first of the new marketing seasons begin, but there was a growing feeling in Brussels yesterday that the budget debate might drag on for several months.

Ministers who are to continue meeting today and tomorrow, spent most of the day discussing the controversial and costly dairy sector, without any visible movement towards compromise. As one high level official said, "there was not one iota said that was in any way new. The Ministers were simply marking time."

However, officials emphasised that they were continuing the discussions in hopes that enough technical details could be got out of the way to facilitate a quick settlement if and when one became possible. Mr Walker, the British Agriculture Minister, pointed out that the Belgian presidency of the Council of Ministers called yesterday's special session in order "to clarify the differences so that the experts can work through the details."

The two sides — those led by Britain seeking a lower price rise with no extra help for the "inefficient" producer, and those led by France seeking a larger price rise with special assistance for the small, economically depressed farmer — remained as far apart as ever.

Mr Walker also defended his personal record, as well as his government's, over allegations that EEC farm price rises were a main element in recent increases in food shop prices.

Mr Walker said that farm gate prices were only a contributing factor to rises in shop prices. He said that, of the 37 per cent rise in food prices between December 1978 and December 1981, some 24 per cent was attributable to other factors.

Consumer group attacks EEC food costs claim

THE EUROPEAN Commission's "bland" statement that shop prices for food would only rise on average by about 3 per cent if its proposals for EEC farm price rises were approved came under renewed attack yesterday from the Bureau of European Consumers' Unions (BEUC).

At a news conference to coincide with the opening round of the marathon negotiations in Brussels by the EEC Agriculture Ministers to fix rises in guaranteed farm prices for the coming marketing year, the BEUC pressed its campaign to try to force the Commission to detail the effects of the Common Agriculture Policy on consumers.

The consumer unions say that staples such as sugar, butter, milk and bread could rise by up to 11 per cent because of the Commission proposals, and that the EEC farming organisations' call for an average 16.3 per cent rise in guaranteed prices this year could have a devastating effect on low-income families.

Mr Tony Venables, spokesman for the BEUC, attacked the Commission for not spelling out in detail the precise effects on consumers. "All we are seeking," he said, "is clarity."

The consumer unions claim that the Commission has for too long blithely treated the consumer as an "amorphous mass" spending an "average 'x'" of its income on food. "It is the low-income consumers problems that are specifically hidden," Mr Venables said. "These are the people who rely on basic commodities, not luxuries."

London tin values rise again

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN VALUES moved higher again on the London Metal Exchange yesterday. Cash tin closed £135 up at £7,265 a tonne, after gaining £285 on Friday. Three months standard grade tin rose by £162.5 to £7,397.5 coming into line with high-grade tin where trading returned to a low ebb, after last week's flurry of interest.

The rise yesterday was attributed mainly to an absence of the heavy selling, believed to be on behalf of the mystery group that previously drove prices to record levels. The buffer stock of the International Tin Council did not, therefore, need to be so active to sustain price levels.

Tin stocks held in LME warehouses jumped again last week by 3,305 tonnes bringing total holdings to 40,480 tonnes.

Copper stocks in LME warehouses rose again as well, by 1,700 to 129,725 tonnes. Main influence in the market was the further decline in gold and other precious metals. As a result, higher-grade cash copper lost £12 to £828.5 a tonne. The U.S. producer, Asarco, lowered its domestic selling price for copper by 1.5 cents to 72.5 cents a pound. Another U.S. producer, Newmont Mining, said production at its Magma Copper San Manuel Ariz copper division was being cut by 20 per cent, effective from Sunday, due to the continuing weakness in demand. A spokesman said normal production would resume when copper sales improve. He said the smelting and mining complex produced 300m lb (150,000 short tons) of refined copper last year.

The favourable rise in LME aluminium stocks continued, with an increase of 5,500 tonnes last week taking the total to 188,075 tonnes.

Lead stocks rose by 1,550 to 68,225 tonnes. An unexpected rise in nickel holdings, up by 24 to 1,326 tonnes instead of the 300 tonnes fall predicted, put prices under pressure. Zinc stocks declined by 300 to 61,950 tonnes, and LME silver holdings were 470,000 ounces down at 30,550,000 ozs.

New row over Soviet grain credit

By Our Washington Staff

THE DISPUTE between Reagan Administration officials about the extension of U.S. and West European credit to the Soviet Union for the purchase of American maize escalated over the weekend.

In testimony on Capitol Hill, Mr Fred Ikle, the under-secretary of defence for policy, said that lending the Soviets money to buy grain was against the U.S. national interest.

"Giving the Soviets loans to buy grain allows them to meet the requirements of their burgeoning military build-up," he told members of the Senate agriculture committee. "Requiring them to pay hard cash will work to limit their ability to maintain the military expansion programme they have under way."

The disagreement about credit for Soviet grain purchases has been running some three months between Agriculture and State Department officials on one side and the *Defence Department* which has been advocating a hard line. Mr Ikle's testimony was the first public suggestion that credit for grain sales should be terminated.

The dispute over credit has reawakened fears in the Chicago grain futures markets of another U.S. embargo or similar administration measures. Analysts there suggest that the Soviets are borrowing in order to speed up purchases against the possibility of such sanctions.

Weak demand depresses sugar

By Our Commodities Staff

WORLD SUGAR values declined again yesterday as *the heavy supply surplus and* slack consumer demand continued to depress the market. On the London futures market the August position fell £2.45 to £155.85 a tonne after the London daily price had been set £6 lower at £145 a tonne, the lowest level since autumn 1979 and £170 below the peak level reached last year.

Market forecasts that Russia was about to re-enter the market as a buyer have done little to relieve the "bearish" tone. Dealers said prices were unexpectedly weak yesterday.

ZIMBABWE TOBACCO

Growers confident of buoyant prices

BY TONY HAWKINS IN SALISBURY

ZIMBABWE'S FLUE-CURED tobacco auction sales open today in Salisbury with hopes that grower incomes will rise by at least 30 per cent to more than Z$160m (£120m). In this third season of post-sanctions tobacco sales, the country's 1,270 growers are hoping that last year's buoyant leaf prices, which averaged 184 Zimbabwe cents a kilo (US 250 cents) will be maintained. This is in spite of the one-third increase in the volume of tobacco output and the expectation that average leaf quality will not be as good as in 1981 due to the erratic rains of the last four months.

Low quality

The industry's fortunes have fluctuated from the depth of gloom two years ago, when a large low quality crop resulted in average prices of 79 Zimbabwe cents a kilo (US 107 cents), to buoyant optimism last year when a much smaller but vintage quality crop resulted in a 130 per cent jump in average prices.

A big factor in all this was the marked change in the international demand/supply position as stockpiles were run down in 1980 while consumption, especially in under-developed countries, continued to expand rapidly. Zimbabwe started 1981 with a flue-cured stockpile of 120m kg, but this had fallen to 60m kg by the start of this year, of which about two-thirds was already committed.

Demand surge

Increased stocks and weak demand in 1980 led to a 45 per cent cut in output—from 122.6m kg in 1980 to just over 67m kg last year. At the same time the number of growers fell to 1,145 from 1,560. But after last year's surge in demand, the target was raised to 96m kilos—a 42 per cent increase—for the current season. Poor rains in many areas have meant that the crop will be short of target and current estimates suggest a volume of between 90m and 92m kilos.

In spite of the larger crop and lower quality leaf, growers are hoping that prices will at worst be maintained close to last year's levels. The rundown in stocks and evidence from other markets of strong demand suggests that their optimism may well be justified. Certainly, both the growers and the economy need good prices this year.

As a result of the drought, the maize crop is estimated to be down by one-third from last year's 3m tonnes and deliveries to the grain marketing board will fall by 50 per cent to 1m tonnes at current prices this fall in maize output will reduce national income by close on 3 per cent.

Cotton output will be down by a quarter at a time when cotton prices are depressed internationally. If not improved, tobacco prices are needed to cushion the agricultural industry from the worst effects of the drought. As it is, even if prices remain good—or even increase—the value of farm output seems certain to fall this year, implying that there is unlikely to be much real growth in the economy during 1982.

Depressed

Good tobacco prices are particularly important from a balance of payments viewpoint. Zimbabwe's exports enjoyed little growth last year—due to transport congestion and depressed world markets. Tobacco exports last year are estimated at at least £120m—more than 17 per cent of total exports this year—metal exports, including gold seem destined to fall again, while exports of manufactures are threatened by the renegotiation of the trade agreement with South Africa.

Export growth in 1982 seems likely to be largely confined to maize and tobacco. The industry reckons to export more than 100,000 tonnes of tobacco this year which, at maintained *prices, would ensure that* exports rise by at least Z$30m (£20m).

Growers need good leaf prices partly to accommodate the 30 per cent rise in production costs but also to ensure continuity of supply in future years. The industry fears that international buyers will be reluctant to buy heavily in Zimbabwe without guarantees of continuity of future supply. The falling number of growers, the gathering momentum of the government policy of land resettlement—which in many areas will mean buying out commercial farmers—and the shrinkage in the auction side of the business (there will be just one company, instead of the traditional two companies auctioning leaf this year) all underline the need to reassure international merchants that the industry is back on a growth tack.

Control board

Last week the Zimbabwe Tobacco Association which represents the growers, voted to establish a financial control board that will intervene in the market to stabilise prices, but the wider problems of the impact of government plans to resettle 165,000 families as part of its three-year programme could have far-reaching ramifications for the entire commercial farming sector and not just the 1,270 flue-cured tobacco producers.

Depreciation

One factor that may help the industry this year is the fact that when the sales opened in 1981 the Zimbabwe dollar was worth U.S.152 cents, but today it is down 11 per cent to U.S.136 cents. This depreciation has made Zimbabwean leaf more competitive in world markets, but as growers point out, costs have risen more than 30 per cent thereby more than cancelling out any gains from depreciation. It is clear that the Zimbabwe dollar is over-valued — certainly when compared with the exchange rate between the South African rand and the U.S. dollar — and some further depreciation can only be a matter of time, given the rate of cost increases in Zimbabwe and the marketing difficulties currently being encountered by almost all exporters.

BRITISH COMMODITY MARKETS

BASE-METALS

BASE-METAL PRICES generally lost ground on the London Metal Exchange, influenced by the renewed weakness in the gold price. COPPER fell to £852 but rallied to close at £859.5 following production cutbacks at a Newmont unit. LEAD closed at £351.5 and ZINC at £456.5. NICKEL fell away to £3160 prior to closing at £3180 following the increase in stocks. ALUMINIUM moved narrowly, closing at £586.75. Higher Grade tin: Three months £7395.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGrde	£	£	£	£
Cash	835-.5	-7.5	828-.9	-12
3 mths	853-.4	-8.25	856-.5	-11.5
Settlem't	835.5	-7.5	—	.....
Cathodes				
Cash	832-.3	-6.25	836-.7	-12
3 mths	849-.5	-9.5	852-.5	-11.7
Settlem't	833	-9	—	.....
U.S. Prod.	—	.....	*72.5-77	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £835.50, 35.00, three months £855.00, 54.50, 54.00, 53.50. Cathodes: three months £850.00, 49.50. Kerb: Higher Grade: Three months £853.00, 53.50, 54.00, 55.00. Afternoon: Higher Grade: three months £853.50, 54.00, 54.50, 55.00, 57.00, 58.50, 56.00, 55.00, 56.00. Kerb: Higher Grade: three months £856.00, 57.00, 58.00, 58.00. Turnover: 16,950 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	348.5-9	-2.5	348-50	-2.5
3 months	350.5-1	+.25	352.5-.5	-3
Settlem't	349	-2	—	.....
U.S. Spot	—	.....	*27-32	.....

Lead—Morning: Cash £348.00, three months £350.00, 51.00, 50.50, 50.00, 49.00, 50.00, 48.50. Kerb: Three months £351.00, 50.50, 50.00. Afternoon: Three months £350.00, 50.50, 51.00, 51.50, 52.00, 53.00. Kerb: Three months £352.00, 51.00, 52.00, 51.50, 51.50. Turnover: 9,000 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7200-10	+260	7260-70	+135
3 months	7330-40	+155	7395-400	+170
Settlem't	7210	+250	—	.....
Standard				
Cash	7200-10	+210	7260-70	+135
3 months	7330-40	+155	7395-400	+162
Settlem't	7210	+250	—	.....
Straits E	£580.55	.....	—	.....
NewYork	—			

Tin—Morning: Standard, cash £7,250, 75, 25, 7200, three months £7270, 75, 80, 85, 7350, 30, 65, 75, 70, 60, 70, 50. Kerb: Standard, cash £7200, 10, three months £7330, 40, 50, 40. Afternoon: Standard, cash £7250, three months £7350, 80, 80, 85, 90, 95. Kerb: Standard, three months £7390, 7400, 7395, 90. Turnover: 1,440 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	573.5-4	-4.25	574-.5	-4.5
3 months	595.5-6	-.75	595-.5	-1

Aluminium—Morning: Cash £574.00, three months £595.00, 95.50, 96.00, 96.00, 97.00. Kerb: Three months £595.00, 97.00, 97.00. Afternoon: Three months £598.00, 97.00, 96.50. Turnover: 40,750 tonnes.

Zinc—Morning: Three months £457.00, 58.00, 57.50, 57.00. Kerb: Three months £458.00, 57.00, 58.50, 57.00. Afternoon: Three months £458.00, 57.00, 56.00, 58.50, 56.00, 56.50, 58.00. Kerb: Three months £459.00, 58.50. Turnover: 8,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	454.5-5	+4.5	454.5	-1
3 months	457-.5	+4.5	458-9	+3.75
Settlem't	455	+5	—	.....
Primw'ts	—	.....	*46-41.75	.....

Nickel—Morning: Cash £3180, three months £3230, 25, 10, 05, 3200, 3195, 90. Kerb: Three months £3185, 80, 70. Afternoon: Three months £3175, 70, 60, 65, 70, 75, 60, 65. Kerb: Three months £3175, 80, 85, 90. Turnover: 1,224 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3176-80	-43.5	3155-60	-52.5
3 months	3185-90	-40	3163-5	-73.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 1.95p an ounce lower for spot delivery in the London bullion market yesterday at 388.6p. U.S. cent equivalents of the fixing levels were: spot 685c, down 8c; three-month 720.4c, down 8.2c; six-month 744.1c, down 10.5c; and 12-month 787.4c, down 12.3c. The metal opened at 391-395p (684-691c) and closed at 388-390p (697-702c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	388.60p	-1.95	386.7p	-5.85
3 months	397.40p	-1.75	404.35p	-5.85
6 months	409.85p	-1.95	—	.....
12months	435.10p	-1.75	—	.....

LME—Turnover 100 (69) lots of 10,000 ozs. Morning: Three months 399.0, 98.5, 98.0, 98.5, 98.1. Kerb: *three months 399.0. Afternoon: three* months 397.5, 98.0, 98.5, 400.0, 399.0. Kerb: three months 398.5, 399.0.

COCOA

Futures traded within a narrow range during a featureless day. Producers remained withdrawn while consumers preferred to await developments from the ICCO talks, reports Gill and Duffus.

Sales: 1,507 (1,801) lots of 100 tonnes.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1185-86	—1.0	1190-80
May	1151-52	—4.0	1158-46
July	1169-70	—5.5	1171-65
Sept	1183-84	—3.5	1186-80
Dec	1201-02	—2.5	1205-95
March	1222-23	—1.5	1223-17
May	1236-37	+1.0	1238-33

ICCO—Daily price fob March 15: 92.59 (93.02). Indicator price for March 16: 93.40 (93.70).

COFFEE

London followed the weaker trend in New York, reports Drexel Burnham Lambert. Commission House and trade selling complimented previous speculative liquidation.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1460-65	—8.5	1460-60
May	1302-05	—34.0	1332-01
July	1222-24	—38.0	1254-20
Sept	1190-92	—31.5	1218-89
Nov	1186-90	—25.5	1209-88
January	1180-90	—17.5	—
March	1176-85	—20.0	1185

Sales: 4,079 (2,793) lots of 5 tonnes. ICO Indicator prices for March 12: (U.S. cents per pound): Comp. daily 1979 134.31 (134.55): 15-day average 134.79 (134.87).

GAS OIL FUTURES

The market opened unchanged and steadied on some nervousness about the Opec meeting. Prices strengthened further before Commission House selling reduced gains towards the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	264.00	+2.00	266.00-62.00
April	251.00	+2.00	252.75-47.00
May	238.50	+1.00	241.00-36.00
June	236.50	+1.00	241.00-36.00
July	239.00	+1.00	242.50-39.00
Aug	243.50	.....	245.75-42.00
Sept	248.00	+1.00	250.00-48.00
Oct	250.50	+1.50	—
Nov	255.00	.....	—

Sales: 2,817 (2,479) lots of 100 tonnes.

GRAINS

The market opened 25p up on old crop wheat, unchanged old crop barley and 10p up new crop. Exporter and shipper buying of May and July wheat took values to the highs while barley made only modest gains. New crops found some good commercial buying which was restricted by hedge selling, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar.	113.40	+0.65	107.75	+0.25
May	116.50	+0.50	110.85	+0.25
July	120.05	+0.65	—	.....
Sept	106.70	+0.10	103.45	+0.25
Nov	110.20	+0.10	106.95	+0.25
Jan	114.00	+0.15	109.95	+0.20

Business done—Wheat: Mar 113.40 only, May 116.60-16.20, July 120.05-119.60, Sept 106.80-106.65, Nov 110.30-110.15, Jan 114.05 only. Sales: 288 lots of 100 tonnes. Barley: Mar 107.75 only, May 110.80-110.70, Sept 102.50-102.25, Nov 106.20 only, Jan 110.00-109.90. Sales: 101 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent April 116.75, May 110.25, June 110.15 transhipment East Coast sellers. Maize: S. African Yellow April/May 78. Barley: English Feed fob April/June 115.50. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 112.00, E Mids 112.00. Feed barley: Eastern 106.20, *E Mids 107.50, N East* 108.00, Scotland 109.60. The UK Monetary Coefficient for the week beginning Monday March 22 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded a April fob price for No. 1 RSS in Kuala Lumpur of 204.5 (206.5) cents a kg and SMR 20 181.5 (182.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	50.10-50.90	50.20-51.00	—
May	51.40-51.60	51.00-51.50	—
Apl-Jne	51.40-51.60	51.00-51.20	51.70-51.20
Jly-Sept	55.40-55.50	55.40-55.50	55.80-55.20
Oct-Dec	56.70-56.90	57.50-57.70	57.40-56.80
Jan-Mar	58.80-58.70	59.80-60.00	59.30-58.90
Apl-Jne	60.80-61.00	62.30-62.40	62.10-60.90
Jly-Sept	62.60-63.00	64.60-64.70	—
Oct-Dec	64.00-65.00	66.50-66.70	65.80-65.00

Sales: 383 (260) lots of 15 tonnes.

Physical closing prices: (buyers) were: Spot 49.50p (same); April 51.50p (52.00); May 51.50p (52.00).

WOOL FUTURES

BRADFORD—Topmakers are getting little support either from the home trade or export at present, the official report said. Lack of new business makes the outlook difficult. Spinners on the weaving side of the industry never fully shared in the improvement several weeks ago and short-time working continues.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 392, 403, 397-395; May 407, 410, 408; Aug 424, 428, 426-425; Oct 424, 428, 425; Dec 424, 436, nil; Jan 425, 428, 425; Mar 435, 435, 435-435; May 442, 444, 444-443; Aug 430, 433, nil. Sales: 25.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 523.0, 526.0, 527.0-523.0; May 523.0, 524.0, 524.0-523.0; July 526.0, 528.0, 529.0-526.0; Oct 520.0, 522.0, 521.0-520.0; Dec 523.0, 524.5, untraded; Mar 530.5, 532.0, 530.5; May 535.0, 537.0, untraded; July 540.5, 541.5, 542.0-541.5. Sales: 74.

SOYABEAN MEAL

The market opened £1 lower with stronger sterling encouraging selling, reports T. G. Roddick. Prices found support and steadier cash markets encouraged a rally.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
April	128.00-28.2	—0.85	128.50-28.00
June	127.90-27.9	—0.80	127.50-27.30
August	127.70-27.9	—0.80	127.90-27.50
October	129.90-30.0	—0.70	129.50-29.80
Dec	133.00-33.5	—0.60	133.50-33.50
Feb	135.50-36.5	—0.25	—
April	138.00-38.5	—1.00	—

Sales: 57 (123) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £145.00 (£151.00) a tonne cif March-April shipment. White sugar daily price £160.00 (£165.00).

Reports that Egypt had purchased 25,000 tonnes of whites for April/May at around $300 per tonne c and f produced a weak opening. Half the losses were later recovered, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	151.50-51.60	154.25-54.30	157.25-50.00
Aug	155.80-55.90	158.25-58.35	158.25-54.25
Oct	158.75-59.00	161.95-62.20	163.00-58.25
Jan	161.00-62.50	164.00-65.00	161.25
March	165.75-66.95	169.25-70.00	167.00-65.50
May	169.25-70.25	172.25-72.70	172.00-69.50
Aug	172.75-73.50	175.00-76.70	174.00-72.75

Sales: 4,134 (4,200) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £253.50 (£260.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 12: Daily price 10.89 (11.46); 15-day average 11.34 (12.11).

Sugar—(FFr per tonne): May 1760-1762, July 1765-1780, Aug 1805-1810, Oct 1790-1800, Nov 1790-1800, Dec 1795-1800, March 1875-1884, May 1907-1927. *Sales at call: nil.*

COTTON

LIVERPOOL—Spot and shipment sales amounted to 120 tonnes. A fair demand was encountered, but actual transactions were still light. Attention was mainly centred on African qualities, but support was also forthcoming in North and South American growths.

JUTE

JUTE—C. and F Dundee BWC £284, BWD £237, BTB £326, BTC £288, BTD £239; Antwerp C and F BWC £286, BWD £239, BTB £329, BTC £288, BTD £241. Dundee: Mar 40 in 10 oz £10.46, 40 in 7½ oz £8.29. B Twills £31.05.

TEA AUCTION

LONDON TEA AUCTION—A good demand prevailed for the 35,736 packages on offer. Assam CTCs were well supported but prices were generally 1-2p lower. Bangladesh teas were a strong feature and often gained ground. East African were very irregular, with some coloury lines dearer while others were 1-2p lower. Central Africans were generally 1-2p easier. Ceylons came in for improved competition, with mediums fully firm *and brighter types often dearer.* Quotations: Quality 120p a kg (same), medium 109p a kg (111p), plain unquoted (same).

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 15 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free mkt	$1035/1065	.....	$1080/120
Copper			
Cash h grade	£828.5	—12	£864.5
3 mths	£856.25	—11.5	£892.75
Cash Cathode	£836.5	—12	£861.75
3 mths	£852.5	—11.75	£888
Gold troy oz	$313.5	—10.25	$375.5
Lead Cash	£349.5	—2.5	£387.5
3 mths	£352.75	—3	£337.75
Nickel	£3824	.....	£3771.7
Free mkt	265/295c	.....	260,90c
Platin'mtr oz'y	£260	.....	£260
Free mkt	£168.50	—5	£198.55
Quicksilver	$390/400	.....	$398/400
Silver troy oz	388.60p	—1.95	455.70p
3 mths	397.40p	—1.75	481.00p
Tin Cash	£7265	+135	£8930
3 mths	£7397.5	+162.5	£7887.5
Tungsten22.04lb	$130.00	.....	$126.54
Wolfrm22.04lb	$114/118	.....	$126/130
Zinc Cash	£454.5	—1	£439.5
3 mths	£456.5	+3.75	£447.25
Producers	$850	.....	$875/850
Oils			
Coconut (Phil)	$475z	.....	$535
Groundnut	‡	.....	$760
Linseed Crude	‡	.....	‡
Palm Malayan	$502.5v	.....	$532.5
Seeds			
Copra Ph lip	$325y	.....	$350
Soyabean(U.S.)	$256v	.....	$257
Grains			
BarleyFut.May	£110.85	+0.15	£110.15
Maize	£133.50	.....	£133.50
Wheat Fut.May	£116.50	+0.2	£114.70
No.2HardWint	‡	.....	£116.75
Other commodities			
Cocoa ship't*	£1177	—4	£1209
Future May	£1151.5	—4	£1173.5
Coffee Ft' May	£1303.5	—34	£1316.5
Cotton A.Index	70.40c	.....	69.90c
Gas Oil Apr.	$251	+3.5	$267.75
Rubber (kilo)	49.5p	.....	46.75p
Sugar (Raw)	£145z	—6	£170
Woolt'ps 64s kl.	388p kilo	.....	387pkilo

‡ Unquoted. v April. z March-April. x May. y April-May. u May-June. † Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

POTATOES

LONDON POTATO FUTURES—Stop-*loss selling started as April fell below* £140.00, taking the value to the low. After a recovery trading was more hesitant, rising to £139.50 before slipping towards the close, reports Coley and Harper. Closing prices: April 137.80, —6.00 (high 141.00, low 136.50); Nov 68.50, +0.10 (high 68.50, *low 68.30); Feb 79.30, +0.30 (high* 79.30, low 79.20). Turnover: 1,076 (957) lots of 40 tonnes.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£7.00, codlings £4.40-£5.40. Large haddock £5.20-£6.20, medium £4.40-£5.60, small £2.80-£3.50. Best small plaice £3.10-£4.90. Lemon soles (large) £15.50, (medium) £13.50. Rockfish £3.70-£4.30. Saithe £2.60-£2.80.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 85.0 to 88.5; Ulster hindquarters 96.5 to 99.0, forequarters 63.0 to 68.0. Veal: Dutch hinds and ends 121.0 to 128.0. Lamb: English small 82.5 to 91.0, medium 84.0 to 90.0, heavy 80.0 to 84.0, Scotch heavy 80.0 to 84.0; Imported—New Zealand PL 66.0 to 67.0, PM 66.0 to 67.0, YLs 65.0 to 65.5. Pork: English, under 100 lb 45.0 to 56.0, 100-120 lb 44.5 to 55.5, 120-160 lb 43.0 to 52.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.69p per kg lw (—0.01). UK—Sheep 213.7p per kg est dcw (+6.28). GB—Pigs 79.33p per kg lw (+0.08).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 42/130 4.60-5.60; Cyprus: Valencia Lates 4.00; Jaffa: Shamouti 60/168 4.90-5.60; Moroccan: Navels 48/113 3.60-5.00. Mandarins—Cypriot: 45/72 5.00-6.50. Mandarins—Spania: 4.00-4.80, Karas 4.80-5.20. Wilkins—Spania: 5.50-6.00. Lemons—Cypriot: 2.60-3.00; Spania: 40/50 1.80-2.00; Italian: 80/120 4.00-5.00; Jaffa: 105 4.80; U.S.: 6.00. Grapefruit—U.S. Texas Ruby 6.50-7.00, Florida Ruby 8.00-8.90; Cyprus: Large cartons 3.00-4.00, small cartons 2.50-3.20; Jaffa: 36/88 3.50-4.90; Moroccan: 40/64 2.00-2.50. Ortaniques—Jamaican: 64/128 6.50-8.00. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.80, 40 lb 6.00-8.00, Stark Crimson 40 lb 7.00-9.50, 20 lb 3.40-4.80, Granny Smith 8.00-10.00; Canadian: Red Delicious 10.00-14.00; S. African: Dunns 11.00-12.00. Pears—Dutch: Comice 14 lb, per tray 4.00; S. African: Williams' Bon Chretien 5.80-7.00, Comice 4.00-4.80; Buerre Hardy 5.50-6.50; Italian: Per lb Passacrassane 0.24-0.30. Nectarines—Chilean: 8.50-9.00; S. African: 4.50-5.00. Plums—S. African: Per lb Songold 0.40-0.50; Golden King 0.25-0.50. Grapes—Chilean: Thompson 11 lb 8.50-9.50; S. African: Dan Hannah 8.50-10.00, Alphonse 8.00, Waltham Cross 9.50; Brazilian: Italia 10 lb 9.00-9.50; U.S.: Red Emperor 0.46-0.50.

AMERICAN MARKETS

NEW YORK, March 15.

THE PRECIOUS Metals and Copper uncovered good short covering on an oversold condition. Sugar rallied in sympathy with Precious Metals while Coffee and Cocoa continued under selling pressure from long liquidation. The Grain and Soyabean complex rallied sharply on short covering touching off stops. Heating Oil was under pressure and scepticism surrounding the ability of Opec to hold the benchmark price, reported Heinold.

Copper—March 67.60 (66.45), April 68.05 (66.95), May 68.90-69.05, July 70.60-70.80, Sept 72.35, Dec 74.80-75.00, Jan 75.80, March 77.10, May 78.75, July 80.40, Sept 82.00, Dec 84.45, Jan 85.15.

*Gold—March 324.2 (317.8), April 325.5-327.0 (318.8), May 329.7, June 332.5-335.0, Aug 339.5-340.0, Oct 347.9, Dec 354.0-354.5, Feb 363.3, April 373.7, June 379.7, Aug 388.0, Oct 396.5, Dec 405.0.

*Platinum—April 313.0-314.5 (306.5), July 319.0-322.0 (314.4), Oct 327.1, Jan 327.6, April 348.1.

Potatoes (round whites)—April 80.2 (80.5), Nov 75.8 (77.5), March 85.8-86.5. Sales: 233.

¶Silver—March 720.0 (696.5), April 724.0 (701.5), May 732.0-734.0, July 751.0-754.0, Sept 768.0-770.0, Dec 795.0-797.0, Jan 804.2, March 821.7, May 839.2, July 856.7, Sept 874.2, Dec 900.3, Jan 909.0. Handy and Harman bullion spot: 697.00 (702.00).

Sugar—No. 11: May 11.15-11.17 (11.14), July 11.45-11.46 (11.38), Sept 11.69, Oct 11.89-11.93, Jan 12.15-12.30, March 12.54-12.55, May 2.78-12.80, July 12.80-13.00. Sales: 10,125.

Tin—610.00-613.00 (596.00-615.00).

CHICAGO, March 15.

Lard—Chicago loose 19.50 (same).

Live Cattle—April 66.85-66.80 (67.22), June 64.40-64.30 (65.20), Aug 61.50-61.80, Oct 59.75-59.65, Dec 59.95-60.10, Feb 59.80, April 60.50.

Live Hogs—April 50.10-50.00 (50.30), June 53.60-53.70 (54.47), July 54.10-54.25, Aug 53.20-53.35, Oct 50.30-50.35, Dec 51.25, Feb 50.40, June 49.75.

‡‡Maize—March 257¾-257⅞ (255¾), May 268-267 (266¾), July 275½-276¾, Sept 280-280¼, Dec 284½-285½, March 299.

Pork Bellies—March 72.57 (74.57), May 72.82-72.82 (74.82), July 72.90-72.90, Aug 70.40, Feb 69.95-69.80, March 70.20, May 70.95, July 71.95.

†Soyabeans—March 616 (594½), May 628-627 (609¾), July 636-635, Aug 638-639½, Sept 639½, Nov 643-640, Jan 654-653½, March 668½, May 680.

‖*Soyabean Meal* — March 182.0 (178.0), May 184.0-183.8 (179.3), July 187.0-186.5, Aug 187.5, Sept 188.0, Oct 188.5-189.0, Dec 191.0, Jan 192.0-192.5.

Soyabean Oil—March 18.33-18.35 (17.95), May 18.75-18.78 (18.39), July 19.20, Aug 19.35-9.40, Sept 19.60, Oct 19.75, *Dec 19.95-19.97, Jan 20.05-20.10,* March 20.50-20.70.

†Wheat—March 342½-243 (337½), May 353-352½ (346½), July 365¾-365, Sept 378¾-378¾, Dec 395½-395¾, March 409¾.

WINNIPEG, March 15

§Barley—March 119.20 (118.80), May 122.20 (121.70), July 125.30, Oct 127.30, Dec 128.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, March 15.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent *Mar 20/April 15 198. U.S. No Two* Red Winter Mar 164.50, April 164.50. U.S. No Three Amber Durum April/May 183, May 183, June 181, July 183, Aug 184, Sept 186, Oct 189, Nov 192. U.S. No Two Northern Spring 14 per cent April 185, May 181, June 181, July 182, Aug 182, Sept 182, Oct 186, Nov 187. Canadian Western Red Spring April/May 201.

Maize—(U.S. $ per tonne): U.S. No Three Yellow spot 134, Mar 132, April 127.25, May 127, June 127.50, July/Sept 128, Oct/Dec 129, Jan/Mar 136 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports April 249.50, May 249, June 249.50, July 250, Aug 251, *Sept 252, Oct 248.50, Nov 248.50,* Dec 252.50, Jan 258, Feb 261, Mar 264.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein afloat 227 to 224 (depending on position), Mar 222.50, April 222, May 222.50, April/Sept 221.50, Nov/Mar 234 sellers. Brazil Pellets afloat 232, Mar 231, April 229, May 230, April/Sept 231 sellers.

PARIS, March 15

Cocoa—(FFr per 100 kilos): March 1231-1250, May 1245-1248, July 1270-1290, Sept 1300-1310, Dec 1330-1339, March 1350-1365, May 1365-1380. Sales at call: 1.

INDICES

FINANCIAL TIMES

Mar. 12	M'h 11	Month ago	Year ago
244.23	245.0	249.05	258.45

(Base: July 1, 1952=100)

MOODY'S

Mar. 12	Mar. 11	Month ago	Year ago
984.6	984.9	1009.3	1150.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 12	Mar. 11	Month ago	Year ago
Spot	122.97	123.36	128.91	415.83
Fut's	127.63	128.81	135.89	427.7

(Average 1924-25-26=100)

REUTERS

Mar. 15	Mar. 12	M'nth ago	Year ago
1580.6	1585.7	1619.8	1716.5

(Base: September 18, 1931=100)

Companies and Markets

LONDON STOCK EXCHANGE

Gilt-edged good with emphasis on conventional stocks
Equities uninspiring but undertone remains steady

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5
Mar 29	Apr 15	Apr 16	Apr 26

* "New time" dealings may take place from 9.30 am two business days earlier.

The start of a new trading Account in equity markets yesterday lacked inspiration, but Government stocks made an extremely firm showing. The buying emphasis in the Gilt market switched from index-linked issues to conventional stocks after last week's strong advance in the former following the removal of purchasing restrictions.

The index-linked stocks were not completely left out of the picture. However, after an initial upward flurry, quotations turned reactionary as investors turned their attention to the rest of the sector. Mediums and longs encountered some useful buying which led to gains extending to ¾ in some of the high coupon stocks. The shorts also made progress and Treasury 3 per cent 1986 was outstanding with a rise of ½ to 72¼. The Government securities index improved 0.17 to 68.47.

The early tone in equities was not helped by reports of an investment trust liquidating its holdings in some of the leaders. Last Friday's drab performance on Wall Street also tended to inhibit investment incentive as did receding hopes for another early cut in interest rates. As a result, leading shares drifted slightly lower in the first hour of trading. A subsequent attempt to rally petered out and quotations finished slightly lower on balance.

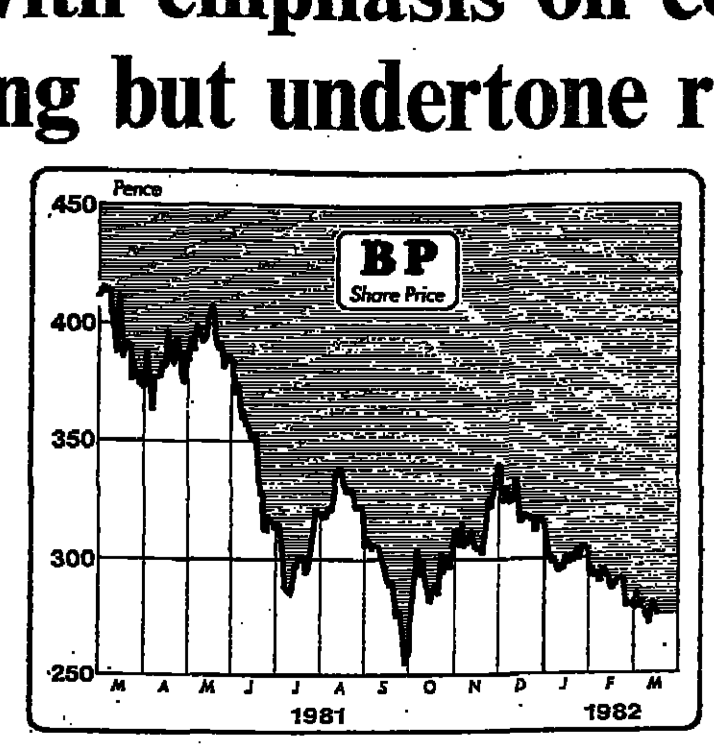
Apart from some early activity, conditions were extremely quiet. The underlying trend remained relatively steady as reflected in the FT 30-share index. This measure moved within narrow limits before settling 1.1 down on balance at 565.8. Among the sectors, preliminary figures in line with expectations from British Petroleum helped to steady the Oil market, while Building issues, still reflecting last week's reduction in mortgage rates, continued to make headway.

Guinness Peat down

Adverse weekend Press comment ahead of today's interim figures unsettled Guinness Peat, which fell 5 to 58p. Elsewhere in the Banking sector, the major clearers continued to retreat on fears of increased taxation following the Chancellor's Budget threat to review the sector's contribution to Government revenue. Barclays lost 8½ further to 465p xd and Lloyds relinquished 5 to 455p as did NatWest, to 445p.

Life issues made progress in Insurances on an investment recommendation. Britannic, which announces preliminary figures today, added 4 to 280p. Hambro Life put on 5 to 309p and Refuge 8 to 268p.

Business in Breweries was at a low ebb and most were content to drift a penny or two lower.



Arthur Guinness held at 82p following the expected announcement of the £4m sale of Callard Bowser Nuttall to Beatrice Foods of Chicago. Greenall Whitley provided an exception to the general trend with a Press-inspired gain of 3 to 115p. Wines and Spirits again featured H. P. Bulmer, 6 dearer at 363p, while Amalgamated Distilled Products rose a similar amount to 76p.

The undertone in Buildings remained firm and the leaders usually managed to improve a few pence. Barratt Developments, however, a particularly good market recently, shed 4 to 276p with the good interim results discounted. Timber issues made progress following favourable Press comment, Montague L. Meyer rising 3 to 74p, John Carr (Doncaster) 3 to 81p and International a penny to 89p. Elsewhere, William Whittingham put on 6 to 150p, also on Press mention, while Conder International, dull last week on the annual results, rallied 5 to 67p. The increased annual profits and dividend prompted a gain of 2 to 65p in Cement Roadstone, while J. Jarvis firmed 5 to 290p following the half-timer.

Leading Chemicals closed without alteration following a small turnover. Elsewhere, Dixor-Strand shed 2 to 21p following cautious Press comment.

A. Henriques good

The major Stores started the new Account on a subdued note, the provisional estimate of retail sales in February having no apparent effect on sentiment. Secondary issues also moved narrowly although long-time takeover favourite Kean and Scott revived with a gain of 4 to 36p, while favourable Press comment lifted Arthur Henriques 5 to 29p.

The Electrical sector provided several firm features. Press comment highlighting the group's profit potential helped Racal to improve 5 to 360p, after 363p, while BICC rose 8 to 328p, after 330p, on buying ahead of the preliminary results due next week. Investment comment also prompted gains of between 5 and 10 in Air-Call, 285p, George Scholes, 300p, and United Electronic, 31p, while revived demand saw Amstrad close 15 to the good at 240p. Reflecting the satisfactory results, Mesure put on 4 at 252p and BSR, annual figures scheduled for March 25, firmed 3 to 83p. Further consideration of the good results helped Standard Telephones and Cables to advance 9 more to 530p, while ESI London rose 8 at 198p, and Unitech 10 to 235p. Against the trend, Thorn EMI were friendless at 424p, down 3 and Philips Lamps remained out of favour following the recent uninspiring results and closed 15 lower at 462p.

Unilever fall

Sporadic nervous offerings ahead of Thursday's annual results left GKN 5 down at 165p, while Hawker lost 6 to 316p among the other quietly dull Engineering leaders. Elsewhere, Yarrow jumped 20 to 300p on the interim profits recovery and Victor Products (Wallsend) gained 8 to 130p following the satisfactory half-year figures. On the results and proposed 10 per cent scrip-issue, Metalrax edged forward a penny to 47p, while Bronx appreciated 3 more to 19p on buying in front of today's annual results. Edbro found support at 113p, up 9, and Fife Indmar put on 5 to 125p; the latter's preliminary figures are due next Tuesday. Adverse comment clipped a few pence from Babcock, 94p, while Stone-Platt lost 2 for a fall over the past two trading sessions of 5 to 11p on fears that the company is seeking additional financial backing on top of the £10m new capital pumped in last year.

Up 8 on Friday on the Nabisco Brands approach, Huntley and Palmer dipped to 104p before closing a net 7 down at 105p on Press suggestions that the Monopolies Commission could intervene. Elsewhere in the Food sector, demand ahead of Thursday's interim results lifted Bejam 4 to 129p. Fresh speculative buying on takeover hopes lifted Albert Fisher another 2 to 50p, while Squirrel Horn jumped 5 to 41p. Chambers and Fargus stayed at 34p despite the poor interim results.

Unilever came on offer among the miscellaneous industrial leaders, closing 14 down at 628p. Elsewhere, Granada "A" fell 12 to 234p following the chairman's profits warning and reference at the AGM to increased television rental competition. De La Rue dipped 20 to 665p on a broker's downgraded profits forecast. Erskine House cheapened 4 to 45p. Dundonian, on the other hand, added 8 to 67p following an investment recommendation and Associated Communications Corporation "A" firmed 3 more to a peak of 110p on speculative buying fuelled by talk of a possible third suitor appearing on the scene. Investment buying lifted Ricardo 12 to 452p. W. Canning ended 3 better at 70p following the results.

Renewed demand in a market short of stock lifted Intasun 5 to 141p. Elsewhere in the Leisure sector, D. M. Lancaster closed a penny up at 26p, after 27p, following the preliminary results.

Motor Components closed with modest gains. Continued recovery hopes helped Dunlop, 2 up at 72p, and Kwik-Fit, 4 dearer at 57p. Dowty added 3 to 125p, while Supra, preliminary results due on Thursday, gained a couple of pence to 82p.

Publishing issues were quietly irregular. Link House touched 263p before settling for a net gain of 8 at 258p following the increased interim profits and dividend.

Dealings in Saatchi and Saatchi were suspended 12 higher at a 1981-82 peak of 415p pending the acquisition of Compton Communications of the U.S. Stationery manufacturers Waverley Cameron fell 8 to 75p in late trading following the annual profits setback.

Properties had a drab appearance on diminishing hopes of another early cut in interest rates. The leaders, however, closed a few pence above the worst. Elsewhere, Federated Land, up 14 late on Friday following the surprise bid from M. P. Kent, reacted to 143p before rallying to close a penny dearer on balance at 147p following Federated's rejection of the offer. Estates and General, the subject of a bid from Federated Land, added 3 to 66p. Kent hardened a penny to 67p. Demand in a thin market lifted Regalian 4 to a 1981-82 peak of 49p.

BP satisfy

The continuing downward pressure on crude prices induced a further downward drift in Oils, but quotations steadied after British Petroleum's preliminary results which were deemed to be satisfactory. Standing 6 cheaper awaiting the results, BP picked up to 278p on the announcement before settling a couple of pence cheaper on balance at 276p. Shell also closed 2 cheaper, at 346p. Elsewhere, Ultramar shed 8 to 335p and Lasmo 13 to 262p: the latter's annual results are due on March 23. NCC Energy dropped 20 to 80p, after 78p, on the company's proposal that the link-up with Simplicity Pattern be delayed. Against the trend, Hunting Petroleum put on 12 to 174p and the new nil-paid shares 5 to 15p premium following Press comment.

Movements of note among Textiles were usually attributable to weekend Press comment. Nottingham Manufacturing rose 3 to 173p for that reason while, among smaller-priced counters, R. Smallshaw, 28p, and Early's of Witney, 29p, advanced 6 and 7 respectively. Shaw and Marvin were quoted at 14 ex-the rights issue; the new nil-paid closed at 3½p premium.

In Tobaccos, Bats eased 4 more to 421p, but Imperial attracted support after a favourable mention and closed 3 up at 89p.

Despite the relative strength of the Financial Rand, South African Industrials displayed an easier bias reflecting pressure on domestic bullion markets.

Golds down again

Another bout of weakness in the bullion price — this time prompted by heavy selling on transatlantic and Far Eastern markets over the weekend — led to further losses in mining markets.

South African Golds suffered another setback as American selling late on Friday evening produced a sharp mark-down at the outset.

Thereafter, the market tended to steady, helped by a further rise in the Financial Rand. The Gold Mines index dropped 8.1 more to 211.5, while the bullion price was finally $10.25 down at a 31-month low of $313.5.

Among the heavyweights, Vaal Reefs remained under sustained pressure and dropped £1½ more to a 1981-82 low of £20¼ while losses of around ¾ were common to Buffels, £13¼, Kloof, £10⅝, President Brand, at a 1981-82 low of £13¼, and President Steyn, at a 1981-82 low of £10¾.

The medium- and lower-priced issues were featured by Stilfontein, 39 easier at 588p and Grootvlei, which fell 29 to 277p. Bracken and Leslie gave up 6 apiece to 94p and 83p respectively following the interim dividends announced after hours on Friday.

South African Financials mirrored the gold sharemarket. De Beers dropped 11 to a 1981-82 low of 226p, still reflecting the dismal results announced last week. Anamint, a major holder in De Beers fell £1½ to £26, and Johnnies £1½ to £26.

Australians were subdued by the losses in precious and base-metal markets coupled with news of a Labour win in a Sydney by-election which prompted talk of a Federal election.

Woodside were active and edged up to 50p before reacting to close unchanged on balance at 47p following Press reports suggesting that Japan's Nippon Oil may acquire, for 65p a share, the 34 per cent stake in Woodside currently owned by BHP/Shell.

Demand for Traded options improved and 1,895 deals were arranged. The increased activity was, however, almost entirely due to an exceptionally active business in Imperial which recorded 1,423 calls out of a total of 1,666: the August 90's were particularly popular with 938 calls arranged.

FINANCIAL TIMES STOCK INDICES

	Mar. 15	Mar. 12	Mar. 11	Mar. 10	Mar. 9	Mar. 8	A year ago
Government Secs	68.47	68.30	68.71	68.75	68.08	68.56	69.92
Fixed Interest..........	69.03	68.98	69.07	69.02	67.94	68.05	71.62
Industrial Ord...........	565.8	566.9	567.9	559.5	560.8	564.1	479.8
Gold Mines..............	211.5	219.6	228.0	219.8	209.2	216.0	344.3
Ord. Div. Yield	5.66	5.64	5.61	5.64	5.61	5.57	7.00
Earnings, Yld.%(full)	10.29	10.26	10.24	10.38	10.33	10.27	14.76
P/E Ratio (net) (*).....	12.52	12.55	12.57	12.40	12.46	12.54	8.38
Total bargains..........	21,009	25,705	23,029	22,022	25,348	27,069	21,969
Equity turnover £m.	—	151.72	145.99	169.05	140.14	180.27	100.24
Equity bargains......	—	19,330	18,576	17,735	23,223	24,654	17,657

10 am 565.4. 11 am 566.5. Noon 565.7. 1 pm 565.7. 2 pm 565.9. 3 pm 565.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.28.

HIGHS AND LOWS — S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low		Mar. 12	Mar. 11
Govt. Secs..	70.61 (29/6/81)	60.17 (21/10/81)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains...	216.4	229.6
Fixed Int....	72.01 (28/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains... Value...	125.2 306.7	120.4 294.1
Ind. Ord.....	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)	5-day Avrge. Gilt Edged Bargains...	237.8	240.3
Gold Mines..	429.0 (14/8/81)	209.2 (9/3/82)	558.9 (22/9/80)	43.5 (26/10/71)	Equities Bargains... Value...	134.1 319.0	135.4 328.0

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –
[illegible]							
10	Nil	—	—	2½pm	1pm	Sturla 10p	2½pm +1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	241	– 2	Exco	218	+ 2
Britannic Ass	280	+ 4	Federated Land	147	+ 1
BP	276	– 2	Huntley and Palmer	105	– 7
De Beers Dfd	226	–11	Imperial Group	89	+ 3
De La Rue	665	–20	Shell Trans	346	– 2
Dundonian	67	+ 8	Vaal Reefs	£20¼	– 1½

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
De Beers Defd	26	237	—	ICI	19	334	– 4
Huntly & Palmr	26	112	+ 8	Bowater	18	243	– 5
Whittngtn Ests	22	30½	+ ½	Cadbury Sch	18	97	– 4
GEC	21	815	– 5	Standard Tele	18	521	+33
Plessey	21	377	+ 7	Rank Org	17	200	—
Cons Gold	20	380	– 8	Ultramar	17	343	– 7
HK & Shngh Bk	20	138	– 1	Thorn EMI	16	427	– 8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12
Apr 5	Apr 26	July 15	July 26

For rate indications see end of Share Information Service

Stocks favoured for the call included Woodside, Trident TV A, Stone-Platt, ICL, Gill and Duffus, John Waddington, KCA International, Huntley and Palmer, Singlo, Howard Machinery, Premier Oil, Plessey and Whittington Estates. Calls were struck in Tozer Kemsley and Billbourn and Britannia Arrow, while a double was taken out in First National Finance.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 15, 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate (sg) selling rate.

Place and local unit	Value of £ sterling	Place and local unit	Value of £ sterling	Place and local unit	Value of £ sterling
[illegible]					

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 75.60. **Rate is the transfer market (controlled). ††Now one official rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Now one rate. (4) Essential goods.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (43)

[illegible]

NEW LOWS (48)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	3	22
Corpns. Dom. and Foreign Bonds	4	6	66
Industrials	247	222	883
Fin. and Props.	68	124	327
Oils	19	38	59
Plantations	3	8	10
Mines	6	76	70
Others	21	20	39
Totals	443	556	1,476

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon March 15 1982: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri March 12 Index No.	Thur March 11 Index No.	Wed March 10 Index No.	Tues March 9 Index No.	Year ago (approx.) Index No.
[illegible]										

FIXED INTEREST

PRICE INDICES	Mon March 15	Day's change %	Fri March 12	xd adj. today	xd adj. 1982 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Mon March 15	Fri March 12	Year ago (approx.)
[illegible]			

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	56.2	59.4	-0.6	2.44
Capital	39.0	42.2	-0.1	4.03
(Accum. Units)	50.5	54.0	-0.1	4.03
General	61.3	66.3	-0.3	4.63
Gilt & Fixed Int.	103.1	108.5	+0.2	12.07
Income	40.0	43.2	-0.1	8.66
Worldwide Bond	108.2	114.5	-0.1	4.80
Inv. Tst. Fd.	52.6	56.9	-0.2	4.22
Equitas Prog.	84.2	91.0	-0.5	4.49

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	93.5	98.3	+0.3	12.35

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	92.5	99.0	.....	5.44
Brit. Inds. Fund	83.8	89.7	+0.2	5.95
Growth & Income	60.0	64.2	.....	3.89
Elect. & Ind. Dev.	47.4	50.7	-0.1	4.28
Allied Capital	103.9	111.2	.....	4.49
Hambro Fund	142.5	152.5	+0.2	5.30
Hambro Acc. Fund	207.1	221.6	.....	4.61

Income Funds

High Yield Fd.	70.9	75.9	+0.2	8.98
High Income	87.6	93.7	+0.1	7.26
Equity Income Fd.	49.4	52.9	.....	6.98
Govt. Secs.	25.9	26.4	+0.2	11.95

International Funds

International	32.6	34.9	-0.2	2.64
Japan Fund	26.2	28.0	-0.2	0.59

Choularton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	14.2	15.3	.....	4.00
International	49.8	53.8	.....	1.26
High Income	29.5	31.8	+0.1	11.01

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	78.0	82.1	.....	4.50

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.5	39.8	-0.5	11.12
North American	54.1	58.4	-0.6	2.86
Canadian Exempt*	51.7	54.7	.....	3.57
Canadian Trust	44.6	48.0	-0.8	2.86
Mid Mount High Inc.*	46.5	49.2	.....	9.75
Recovery	56.7	61.9	+0.2	3.55
Gilt Trust	39.4	41.2	-0.1	13.75

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	35.6	38.4	-0.3	1.04
Cres. Cap. Fd.	—	25.0	.....	3.60
Cres. High. Dist.	48.4	52.3	-0.1	8.75
Cres. Internat'l	77.8	84.0	-1.3	1.79
Cres. Reserves	53.0	57.2	-0.1	5.28
Cres. Tokyo	35.1	37.9	-0.7	0.33

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.2	24.6	.....	5.64

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. March 12	264.4	282.0	.....	4.77

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	23.6	25.3	+0.1	7.18
Special Sits.	24.2	25.7	.....	1.87

[illegible]

INSURANCE BONDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
97½	84½	Treasury 12pc '86	93¾	+⅛	12.82	13.98
88⅛	78½	Treasury 8¼pc '84-86‡‡	87¼	+⅛	9.74	12.72
100⅛	91⅞	Exch. 14pc 1986	99⅝	+⅜	14.05	14.10
103⅞	90	Exch. 13¼pc 1987	98⅜	+⅜	13.47	13.70
59⅞	55	Do. A (£50 pd.)	59⅝	+½	13.57	13.92

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
81¼	71⅛	Funding 6½pc '85-87‡‡	80¾	+¼	8.30	12.32
67	64½	Treasury 3pc 1987	65¾	+⅜	4.60	12.03
97¼	81½	Treas. 12pc 1987	96⅞	+¼	12.97	13.95
81⅛	72¼	Treasury 7¾pc '85-88‡‡	79¾	+½	9.85	13.04
65½	58⅝	Transport 3pc '78-88	61⅞	+⅛	4.90	11.92
92¾	79	Treasury 11½pc 1989	89⅛	......	13.88	14.16
67¼	59¾	Treasury 5pc '86-89	62⅞xd	−⅛	7.90	12.69
101½	85¼	Treasury 13pc 1990‡‡	97⅛	+⅜	13.69	14.06
95 7/16	81⅝	Exch. 12½pc 1990	92½xd	+⅜	13.54	14.13
80¾	69¾	Treasury 8¼pc '87-90‡‡	77¼	+¼	10.90	13.15
93⅛	77¼	Treasury 11¾pc 1991	90⅛	+⅜	13.33	14.15
66¾	57	Funding 5¾pc '87-91‡‡	63xd	−⅛	9.08	12.68
90	72⅝	Exch. 11pc 1991	88¾	+¼	13.02	13.97
98⅜	81¼	Treasury 12¾pc '92‡‡	94⅞	+⅜	13.71	14.06
82⅞	69⅞	Treasury 10pc 1992	80⅝	+⅜	12.50	13.74
94⅞	79	Exch. 12¼pc '92	91	+½	13.56	14.04
101⅞	84¼	Exchequer 13½pc '92	96¼xd	+⅜	13.99	14.15
96¾	79⅞	Treasury 12½pc '93‡‡	93¼	+¼	13.71	14.08
63⅞	53¾	Funding 6pc 1993‡‡	59⅜xd	......	10.04	12.77
105¼	84	Treasury 13¾pc 1993‡‡	102¼	+½	14.03	14.09
107¼	90⅜	Treasury 14½pc '94‡‡	103¼	+½	14.13	14.03
104¼	82⅝	Exchequer 13½pc 1994	101¼	+½	14.05	14.18
95⅝	79¼	Exch. 12½pc 1994	91⅝	+⅝	13.76	14.08
79¾	63¼	Treasury 9pc '94‡‡	76¾	+¼	12.19	13.32
92⅞	75⅞	Treasury 12pc '95	89⅜	+⅜	13.68	14.08
51¾	42	Gas 3pc '90/95	45¾	......	6.72	11.11
83	68	Exch. 10¼pc 1995	80¼	+½	13.02	13.77
100⅛	79½	Treasury 12¾pc '95‡‡	97⅞	+½	13.69	13.87
104⅞	85⅝	Treas. 14pc '96	101¼	+½	14.11	14.12
76¾	63¼	Treasury 9pc '92/96‡‡	73xd	+¼	12.33	13.31
115⅝	91⅝	Treasury 15¼pc '96‡‡	112¾	+½	14.23	14.06
103½	82	Exchequer 13¼pc '96‡‡	100⅞	+⅜	13.73	13.82
50¼	42⅞	Redemption 3pc 1986-96	45¼xd	......	6.61	10.35
101⅛	82¾	Treasury 13¼pc '97‡‡	98½	+¼	13.76	13.78
83⅞	69½	Exchequer 10½pc 1997	81⅞	+⅜	13.01	13.54

Over Fifteen Years

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
74¾	62⅛	Treasury 8¾pc 1997‡‡	71⅞	+⅜	12.32	13.18
110⅞	92⅞	Exch. 15pc 1997	110¾	+½	14.24	14.12
65⅝	51⅞	Treasury 6¾pc '95-98‡‡	62⅝	+⅜	11.23	12.58
114½	94½	Treas. 15½pc '98‡‡	109xd	+½	14.14	14.00
95⅛	74⅝	Exch. 12pc 1998	92½	+¼	13.53	13.77
79⅜	65½	Treasury 9½pc 1999‡‡	76⅝	+¼	12.66	13.22
94	76⅝	Exch. 12¼pc 1999	89⅞xd	+⅜	13.58	13.76
86¼	67⅝	Treasury 10½pc 1999	83⅝	+⅜	13.08	13.47
100	81¾	Treas. 13pc 2000	97⅜	+½	13.66	13.71
107¾	85	Treas. 14pc '98-01	104⅞	+⅜	13.93	13.91
93¼	75⅞	Exch. 12pc '99-02	90⅝	+½	13.50	13.62
104⅜	85¼	Treas. 13¾pc 2000-03	101⅞	+½	13.77	13.77
90	73½	Treasury 11½pc '01-04	86⅝xd	+⅜	13.26	13.39
41⅛	33	Funding 3½pc '99-04	37	......	9.61	11.43
99¼	78	Treasury 12½pc '03-05	97¼	+½	13.40	13.43
68¾	56¼	Treasury 8pc '02-06‡‡	65½xd	+¼	12.13	12.48
92½	75⅛	Treasury 11¾pc 03-07	89⅞	+⅛	13.33	13.39
103⅛	84⅞	Treas. 13½pc '04-08	100xd	+½	13.45	13.45
50⅝	41⅛	Treasury 5½pc '08-12‡‡	48	+⅜	11.48	11.87
66¾	55¼	Treasury 7¾pc '12-15‡‡	64½	+¼	12.21	12.34
98⅛	79⅞	Exch. 12pc '13-'17	96	+½	12.92	12.91

Undated

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
33¼	27⅞	Consols 4pc	31⅞	+⅛	12.94	—
32¼	24⅞	War Loan 3½pc‡‡	30	......	12.07	—
37⅝	30½	Conv. 3½pc '61 Aft.	33xd	......	10.56	—
25	20⅛	Treasury 3pc 66 Aft.	22½xd	......	13.24	—
21⅛	17⅞	Consols 2½pc	20¼xd	......	12.34	—
21	16¾	Treasury 2½pc	19⅝xd	......	12.67	—

Index-Linked & Variable Rate

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99⅞	98 3/16	Treas. Variable '82§§	99⅞	......	12.98	13.26
99⅝	96¾	Do. Variable '83§§	99⅝	......	13.01	13.21
—	—	Do. 2pc IL 88 (£50 pd)	—	......	—	—
106	90¼	Do. 2pc I.L. '96	104¾xd	−¼	2.20	2.31
101½	86⅞	Do. 2pc I.L. '06	101½	+½	2.19	2.26
49	35	Do. 2½pc I.L. (£35pd)	48½	......	2.44	2.34

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99⅝	90½	Finland 14½pc Ln 1986	97¾	−¼	14.83	15.24
96¾	87	Int. Bank 5pc '77/82	96½	......	5.18	13.43
99 3/16	89	Do. 13½pc Ln 1986	97¼xd	−¼	13.88	14.39
101¾	94⅞	Mex 16½pc 2008	101¼xd	+¼	16.41	16.32
100 3/16	88¼	Sweden 13½pc 1986	96½xd	......	13.99	14.66

CORPORATION LOANS

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
93½	83¼	Bath 11¾pc 1985	91¾	......	12.27	14.20
98	88¼	Birm'ham 12½pc 1985	95¾	......	13.05	14.13
102	86	Burnley 13pc 1987	98¼	......	13.71	14.41
95½	80¼	Cardiff 11pc 1986	88¾	......	12.39	14.46
100⅛	97⅞	G.L.C. 12½pc '82	99⅝	......	12.55	14.07
99	93½	Do. 12½pc 1983	98¼	......	12.69	13.71
97⅞	92½	Glasgow 9¼pc '80-82	97⅞	+⅛	9.50	13.37
76½	67½	Herts 6¾pc 1985-87	75½xd	......	9.02	13.44
98¾	79¾	Leeds 13½pc 2006	92½xd	......	14.44	14.45
93	86	Liverpool 9¾pc '80-84	92¼	......	10.57	13.97
26	21½	D. 3½pc Irred.	24xd	......	14.70	—
100½	94½	Lon. Corp. 13¼pc '83	99¼	......	13.35	13.73
90	82¼	Do. 9¼pc '84-85	89¼	......	10.37	13.10
85¼	78	LCC 5½pc '82-84	85	+¼	6.47	13.09
71¾	63¼	Do. 5½pc '85-87	71¾	......	7.81	13.53
70¼	56	Do 6¾pc '88-90	65½	......	10.47	14.14
23¾	18¾	Do. 3pc '20 Aft.	22	......	13.91	—
97¼	89½	Sunderland 12¼pc 1984	96	......	12.76	13.98

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
101⅛	92¼	Aust. 5½pc '81-82	101⅛	......	—	—
90¼	82½	Do. 6pc 1981-83	90¼	+¼	6.77	13.57
67¼	57	N.Z. 7¼pc 1988-92	63½	−¼	11.66	14.39
83	74	Do. 7½pc '83-86	81¾	−¼	9.38	13.83
144	115	S. Rhod. 2½pc Non-Ass.	144	......	—	—
66	43	Do. 3½pc 80-85 Asstd.	64	......	5.44	17.60
43	26	Do. 4½pc 87-92 Asstd.	40xd	......	11.25	17.40
395	318	Zimbabwe Ann (£100pd)	318xd	......	—	23.70

LOANS

Public Board and Ind.

1981-82 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
66	57¼	Agric. Mt. 5pc '59-89	65	......	7.78	12.66
29½	23¾	Met. Wtr. 3pc 'B'	28¼xd	......	10.43	12.79
114	97	U.S.M.C. 9pc 1982	107	......	8.63	—
99½	91	Do. without Warrnts.	99½	......	9.30	—

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

175	20	Anglo-Dominion	30	......	—	—	—
25½	12	Burma Mines 10p	15	......	0.75	0.9	7.1
330	45	Colby Res. Corp.	45	–10	—	—	—
330	200	Cons. Murch. 10c.	210	......	Q60c	◆	15.2
10	5	††Explaura Gold	7	......	—	—	—
98	47	††Hemerdon 10c.	58	......	—	—	—
180	65	Highwood Res.	75	–5	—	—	—
505	165	Northgate C$1	165	–10	—	—	—
633	372	R.T.Z.	412	–3	16.0	2.3	5.5
£130½	£93½	Do.9½%Cu.Uns.Ln.95-2000	£95½	–1½	Q9½%	—	F10.2
103	11	††SPO Minerals 10p	11	–3	—	—	—
47	12	Sabina Inds. C$1	15	+1	—	—	—
44	21	‡Southwest C. 10p.	41	+2	—	—	—
650	355	Tara Exptn. $1	370	–5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.
- ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	......			
Bertrams	17#	......	Conv. 9% '80/82	£95½	......
Bdg'wtr. Est. 50p	415	–5	Nat. 9¼% 84/89	£65¾	......
Craig & Rose £1	£12¾	......	Fin. 13% 97/02	£68½	......
Finlay Pkg. 5p	25	......	Alliance Gas	55	......
Graig Ship. £1	£21	......	Arnott	220	......
Higsons Brew.	67	......	Carroll (P.J.)	72	......
Holt (Jos) 25p	565	......	Concrete Prods.	90	......
I.O.M. Stm. £1	120	......	Helton (Hldgs.)	20	–2
Pearce (C. H.)	£11	......	Irish Ropes	37	......
Peel Hldgs.	119	......	Jacob	73	......
Sheff. Refrshmt	75	–5	T.M.G.	10	......
Sindall (Wm.)	200	......	Unidare	[illegible]	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9		
Courtaulds	8	Nat. West. Bank	38	Brit. Petroleum	26
Debenhams	7	P & O Dfd.	14	Burmah Oil	10
Distillers	15	Plessey	32	Charterhall	6
Dunlop	6½	Racal Elect.	35	KCA	14
Eagle Star	31	R.H.M.	6½	Premier	6
F.N.F.C.	4	Rank Org. Ord.	20	Shell	38
Gen. Accident	28	Reed Intnl.	26	Tricentrol	22
Gen. Electric	65	Sears	6	Ultramar	38
Glaxo	42	Tesco	5½		
Grand Met.	17	Thorn EMI	42	**Mines**	
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday March 16 1982

British Sugar move to shake off Berisford

By Ray Maughan

THE British Sugar Corporation is making representations to the European Commission in Brussels, to shake off S. & W. Berisford, its unwelcome 40 per cent shareholder.

Berisford, a commodity trader, picked up that holding last year in the course of an ultimately unsuccessful £200m bid for British Sugar. Under Takeover Code terms Berisford will be free to renew its bid from the start of July.

British Sugar is raising the position with the Competition Directorate of the European Commission under Article 86 of the Rome Treaty.

The article deals with abuse of dominance within European Community markets. British Sugar was first alerted to the possibilities of broaching the European dimension two years ago, when four of the six merchants in the UK Sugar Merchants Association complained to the Commission on the basis of British Sugars' UK market dominance.

The group acknowledges a 52 per cent share of the domestic sugar market. The complaint, in which the merchants claimed a dimunition of the merchanting role, is still under consideration.

Mr John Beckett, chief executive of British Sugar, said yesterday he hoped that in the final outcome Berisford as a commodity trader would be judged to have abused its position as a major shareholder in the sugar-beet producer and would be forced to divest.

British Sugar has fought hard to outmanoeuvre Berisford before the bid embargo expires. Its principal tactic has been to take a major stake in another food manufacturers. Ranks Hovis McDougall, in a preliminary attempt to make itself less digestible to the commodity trader, only to find RHM quite prepared to raid British Sugar in return.

Mr Beckett said yesterday British Sugar had raised the question of European competition in its submission to the Monopolies Commission.

The chief executive, however, stressed, that the Competition Directorate had not even been mentoined in the Monopolies Commission's subsequent decision to allow Berisford to proceed.

Governments show signs of easing on Polish debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WESTERN governments, owed money by Poland, are to discuss the country's debt problems in Paris this week. The informal talks were called as signs increased that the governments were softening the tough line towards debt relief they adopted after the military takeover on December 13.

The talks will be the first governmental meeting on Polish debt since January, when leading creditor nations decided not to discuss rescheduling loans falling due this year. The aim was to put economic pressure on the Soviet Union and the military regime in Poland.

But progress made by banks towards a separate agreement to reschedule about $2.4bn (£1.3bn) in commercial loan repayments due from last year has prompted the governments to reconsider their positions on Polish debt. At stake are repayments falling due this year of $2.2bn to governments which have already rescheduled Poland's debt due in 1981.

Interest arrears on the commercial bank debt have been sharply reduced and the banks are optimistic that their agreement with Poland will be signed early next month.

As a result France has suggested that discussion of the governmental view of Polish debt should take place after a meeting of industrial countries tomorrow and Thursday to discuss Sudan's economic problems.

Delegates will concentrate on assessing the willingness of leading creditor governments to give some debt relief after the bank agreement is signed. Polish officials are not expected to be present.

Commercial bankers said yesterday that they welcomed the new initiative, coinciding as it did with yesterday's assurances by Mr Jan Woloszyn, Deputy President of Bank Handlowy, Poland's foreign trade bank, that all 1981 interest arrears to Western banks had been paid.

Bankers said they still had to check that these payments had been credited before signing the rescheduling agreement, and that the prospective signing date in early April was unlikely to be brought forward.

Indications that governments may be prepared to tackle the problem of official debts falling due this year should help smooth the passage of initial discussions between commercial banks on a rescheduling agreement for debts due in 1982 worth a further $2.4bn.

Bankers and government officials, however, warned against over-optimistic interpretation of the latest developments.

Two major problems remain even if it does prove possible to negotiate a rescheduling of 1982 debt maturities.

Poland needs fresh credits to revive its economy and service its existing debt. It is not certain that these would automatically follow from an agreement to reschedule in 1982.

Some bankers remain nervous about political pressures in the U.S. Congress for Poland to be called into default. This could continue to colour the Reagan administration's attitude to East European debt.

Ursus workers plough lonely furrow; few internees consider offer to live abroad, Page 2. The army's bleak legacy, Page 18.

Earnings at BP drop 25% to £1.1bn

By Sue Cameron

NET PROFITS of British Petroleum, Britain's biggest industrial company, dropped by 25 per cent last year, to £1.1bn.

The group yesterday blamed the fall in profits on the poor performance of the refining and chemicals businesses, both of which were hard hit by overcapacity and weak demand.

BP's oil products operations made an operating profit of £219m last year, on a historic cost basis. On the same basis, its oil products operations contributed 3½ times more in 1980. The company emphasised that, on a replacement cost basis, its oil products business made a loss worldwide of £299m, against a £129m profit in 1980 on the same basis, and it estimates that, in the first three months of this year, demand for oil products has dropped by a further 5 per cent, compared with the last quarter of 1981.

But the group pointed out that it had already started tackling the underlying problem of overcapacity in European refining. It has plans to close 23 per cent of its 100m tonnes-a-year European refining capacity, including the 10.3m tonnes-a-year Isle of Grain refinery in Kent.

The closure of the Kent refinery is costing BP £54m, but it estimates that this and other plant closures will save some £70m a year.

BP's chemicals losses rose from £134m in 1980 to £194m last year, and losses on its minerals business rose from £3m to £28m in the same period.

Last year's operating profits on oil exploration and production were 4 per cent up on 1980, at £906m. The group's performance was helped during 1981 by the $4.25 a barrel cut in the Forties eld crude reference price, and by the strengthening of the U.S. dollar against the pound.

BP, whose operating costs rose by 31 per cent last year, paid £3.2bn in tax—£2.6bn in the UK. Some 85 per cent of its total UK tax bill was accounted for by its North Sea Forties field.

Yesterday the group again complained about high UK oil taxes. It expressed "strong disappointment" that the Budget had not included more tax "encouragement" for further North Sea development.

BP's results were in line with expectations on the London Stock Exchange, where the company's share price closed at 276p—down 2p on the day.

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THE LEX COLUMN

Redistilling BP's earnings

Ask a simple question, like the size of BP's profits last year, and you could get a whole series of answers. The less persistent inquirer could be fobbed off with a simple figure for historical cost net income, which comes out at £1,072m for 1981 against £1,435m. That is towards the lower end of expectations, and indeed the share price eased 2p to 276p yesterday. At least the rate of decline tailed off sharply in the second half, as BP's crude oil purchasing position improved relative to the U.S. majors which early in the year benefited from access to cheap Saudi crude, and North Sea earnigs recovered from BNOC overpricing. It is worth noting the help given by £117m of prior year UK tax clawbacks, while the interest benefit of the £600m rights proceeds (not all received until December) will have been not insignificant.

More persistent questioners could receive another answer: a fall in net income from £725m to £543m after charging oil at replacement cost. Roughly speaking, that shows how the historical cost figures benefited from an oil price trend which was still upwards for much of last year, certainly in sterling terms. This is not quite the same as the current cost results which are down from £577m to £201m—or at least would have been if BP's accountants had not decided that plant like refineries could be depreciated less heavily, pushing current cost net income up to £305m. Even so, this is a good way short of covering the maintained dividend of 20½p a share.

The most relevant points to emerge from the preliminary statement are that the group is relying disproportionately on Sohio — now contributing 55 per cent of net income — and that there is a heavy cash outflow. This is not so worrying, however, now that BP has recognised it will have to shrink; and with the yield now 11 per cent the share price is certainly not gambling on growth.

Index fell 1.1 to 565.8

British Sugar

British Sugar seems to have recovered from its exchange of dawn raids with Ranks Hovis and is once again wriggling hard to avoid being swallowed by S. & W. Berisford. It has gone to the Competition Directorate of the European Commission with the allegation that control of the dominant UK sugar producer by the dominant merchant would distort competition — whatever the Monopolies Commission might have concluded when it investigated Berisford's bid. The complaint refers to the same Treaty of Rome article under which BSC has itself been accused by four smaller merchants of abusing its market power.

The beauty of appealing to Europe is that it takes an awfully long time, and theoretically the Commision has power to prevent Berisford from buying shares while an investigation is proceeding. But that looks a long shot; a more practical question perhaps is whether Berisford will be interested in bidding in July with the BSC shares 105p above its last 335p offer. It has a big profit to take, and need be in no hurry to come back at the first opportunity.

Barratt

Barratt Developments has kept house sales moving ahead with hardly any slippage in the UK trading margin which, in the circumstances, is a remarkable achievement. Profits before tax for th ehalf year to December have risen 28.4 per cent to £15.3m.

But the strain is beginning to show even on Barratt. The group is budgeting for UK completions up 17 per cent at 13,500 in the current fiscal year, but also half of this growth will come from the South-East where Barratt is still a minor force. First time buyers should account for about 70 per cent of overall sales and, of the remainder, 85 per cent are expected to use Barratt's part exchange scheme. So progress in the northern heartland is heavily dependent on the group's skilful marketing ploys.

Barratt could make £40m pre-tax in the current year and the U.S. may start making a real contribution thereafter. But the company is running into the unfamiliar problem of mainstream corporation tax and earnings per share have fallen by almost a fifth in the latest half year. At last night's price of 276p, the share yield 6.5 per cent and trade on more than 10 times prospective fully-taxed earnings.

Saatchi

Saatchi and Saatchi is not the kind of company to let its balance sheet stand in the way of growth. The acquisition of Compton Communications could have left it with a yawning deficit on its tangible equity, but this problem has been overcome by deferring half the purchase price and relating it to future performance.

Saatchi has set the management of Compton the modest target of 8 per cent compound earnings growth over the next 10 years. If it is achieved, Saatchi will effectively have paid 10 times earnings for a company with a record of producing 15 per cent compound earnings growth. Even the initial payment, however, represents $11m over tangible net worth—rather more than Saatchi's own equity base. So it is probably safe to assume that the bulk of the payment will be met through a vendor placing.

French left reviews polls setback

BY DAVID HOUSEGO IN PARIS

FRENCH Socialist leaders yesterday took stock of the modest shift to the centre and the right which emerged from Sunday's polling in the first round of the cantonal elections.

The final tally showed that the left-wing parties together polled 49.60 per cent of the vote, compared with 49.90 per cent scored by the Gaullists and their right-wing and centrist allies.

When the same seats were contested in the cantonal elections the left took 52.50 per cent of the vote. The score is also well down on the left's exceptional victory in the first round of last June's legislative elections, when it gathered 55 per cent of the vote.

But the Socialists and their allies fared much better than computer predictions indicated on Sunday night. These showed the combined parties of the right and centre establishing a four-point lead, with 51.6 per cent of the vote against 47.8 per cent for the left.

M Jean Poperen, the national secretary of the Socialist party, conceded to viewers on Sunday night, on the basis of the predictions, that the left had failed to mobilise its forces while the right had done so successfully. His words, echoed in yesterday morning's newspaper headlines, had to be eaten during the day.

There were also recriminations against CII—Honeywell Bull, the computer group now being nationalised, which was responsible for the forecasting. It failed to include minor left-wing groups in its calculations.

The strongest factor to emerge from the poll is the continuing decline of the Communist Party, which polled 15.8 per cent of the votes. This was roughly the same proportion as in the first round of last year's Presidential and legislative elections—but well down on the 22 per cent it gained six years ago.

The Communists' continued poor scoring is bound to call into question the party's long-term value to the Socialists as coalition partners.

Even with the strong showing of the Socialists, once again confirmed as the single largest French party, and the radical left, which together polled 31.6 per cent of the vote, M Mitterrand cannot at present look to the Communists to provide the combined left with a national majority in legislative elections of 1986 or the Presidential elections of 1988.

The Communists also appear to be alienating potential Socialist supporters.

The second major message of the vote is that the Socialists' first 10 months in power have provoked a shiftback to the centre—which the government cannot afford to ignore in its future political and economic calculations.

More immediately, Sunday's poll has put paid to the left's hopes of securing control of the majority of the presidencies of the departmental assemblies.

Tribunal told flexible roster vital for BR

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL warned yesterday that the outcome of the arbitration hearing into the flexible rostering dispute with its train drivers was "critical" to the future of the industry and to the "very survival of the railway system as we know it in this country."

BR told the first day of the hearing of the Railway Staffs National Tribunal in London that, following the industry's "most serious and damaging dispute in more than 25 years" the arbitration decision would have "profound results' for BR, its unions, its employees and its customers. The dispute involved six weeks of strikes by Aslef, the train drivers' union.

If the dispute over BRs proposals to vray the traditional eight-hour day by bringing in flexible rosters of seven to nine hours were resolved positively, BR could be assured of a better future.

Mr Cliff Rose, BR board member for industrial relations, warned however: "If it is resolved negatively, if we declined to make even this first, modest step forward, the future is bleak."

BR said that the decision of the tribunal, due in about a fortnight, could strengthen or destroy the progress so far made on productivity.

British Rail rejects suggestions Aslef made in its evidence to the tribunal, chaired by Lord McCarthy, that it might consider variations on the eight-hour day provide dBR continued to pay for a full eight-hour shift even if fewer hours had been worked. Mr Rose said of this additional cost that there was "no prospect whatever of the board being able to finance them."

Further, groups of staff which had co-operated with the productivity improvements might demand similar treatment to Aslef if this were conceded. Meeting this 5¾ per cent new money for Aslef could increase the potential cost for other grades to more than £90 more.

BR also rejected a possible alternative proposal, that the agreed 39-hour week should be brought in on the basis of presetn practice, with an extra rest day every eight weeks. BR said this would mean an extra 590 drivers, at a direct cost of £8.8m, or £10m if the posts were not occupied but extra rest days worked.

British Rail is confident the tribunal will find in its favour. Sir Peter Parker, BR chaiman, has indicated he may resign if he does not obtain what he is seeking.

The hearing continues today.

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Saatchi in top ten

Biscuits, Black and Decker, Nestlé, and Kodak.

Saatchi and Saatchi has developed rapidly in the late 1970s: it was virtually unknown ten years ago. The agency was founded by two brothers, both still under 40.

By a combination of inspired advertising campaigns, sound management, and financial acumen it has ousted J. Walter Thompson as the UK's largest agency in terms of billings.

Saatchi's most famous campaign was fo rthe Conservative Party in the last election. The agency recently was reappointed to handle the Conservative's advertising for the next election.

Advertising agenecies increasingly need a significant internationa lnetwork of offices to deal with their multi-national clients. With new developments such as satellite television, agencies see the need to expand internationally.

Continued from Page 1

Unionists reject plan

and is expected to meet the Rev Ian Paisley, leader of the Democratic Unionist Party, lather this week.

However, should the OUP, which has shown signs of disintegration over the past year, rally firmly behind Mr Molyneaux in opposing the plan, the Cabinet might become even less enthusiastic about allocating time during this session of Parliament for legislation to enable the transfer of power to the new assembly.

The party's recent success in the South Belfast by-election appears to have boosted Mr Molyneaux's flagging leadership, and party members suggested yesterday that the faction most in favour of Mr Prior's plan appeared, at least temporarily, to have been routed.

Brendan Keenan writes from Dublin: The Official Unionists' withdrawal from the talks with Mr Prior follows hard on the heels of weekend comments by Mr John Hume, leader of the largely Roman Catholic Social Democratic and Labour Party, in which he also criticised the proposal for a 70 per cent weighted majority in any assembly and said he thought Mr Prior's plans were "largely unworkable."

Weather

UK TODAY

SHOWERS, wintry in parts, with bright intervals.

England, Wales, Channel Isles
Sunny periods, sleet or rain showers, snow on hills. Max 7C (45F).

Scotland, N. Ireland
Frequent rain, sleet or snow. Sunny periods in south. Max 5C (41F).

Outlook: Unsettled. Becoming warmer.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	L. Ang.†	F	11	52
Algiers	S	22	72	Luxmbg.	S	9	48
Amsdm.	F	11	52	Luxor	S	26	79
Athens	S	12	54	Madrid	S	13	55
Bahrain		—	—	Majorca	S	16	61
Barclna.	R	10	50	Malaga	S	16	61
Beirut	S	18	64	Malta	S	15	59
Belfast	C	6	43	M'chstr	C	6	43
Belgrd.	C	6	43	Melbne.		—	—
Berlin	S	11	52	Mx. C †		—	—
Biarritz	S	17	63	Miami†		—	—
Bmghm.	C	7	45	Milan	S	12	54
Blackpl.	C	6	43	Montrl †	F	−6	21
Bordx.	S	16	61	Moscow	C	3	37
Bristol	R	7	45	Munich	S	8	46
Brussels	F	12	54	Nairobi		—	—
Budpst.	S	9	48	Naples	F	12	54
Cairo		—	—	Nassau		—	—
Cardiff	R	6	43	Nwcastl.	F	7	45
Cas'b'ca	C	18	64	N York†		—	—
Cape T.		—	—	Nice	S	14	57
Chica †	R	4	39	Nicosia	F	18	64
Cologne	S	12	54	Oporto	S	13	55
Cpnhgn.	C	5	41	Oslo	Sl	1	34
Corfu	S	14	57	Paris	S	12	54
Denver†		—	—	Perth		—	—
Dublin	F	7	45	Prague	S	10	50
Dbvnk.	F	9	48	Rykjvk.	C	1	34
Ednbgh.	S	9	48	Rhodes	C	16	61
Ednbgh.	S	7	45	Rio J'ot		—	—
Faro	F	18	64	Rome	S	13	55
Florence	C	14	57	Salzbrg.	S	8	46
Frankft.	S	10	50	S'cisco†	F	8	46
Funchal	S	17	63	S. Mritz.		—	—
Geneva	S	8	46	Singapr.		—	—
G.britr.	C	15	59	S'tiago†		—	—
Gl'sg'w	F	6	43	Stckhm.	C	3	37
G'rnsey	C	9	48	Strasbg.	S	10	50
Helsinki	C	1	34	Sydney		—	—
H. Kong		—	—	Tangier	S	18	64
Innsbrk.	S	6	43	Tel Aviv	C	17	63
Invrnss.	F	5	41	Tenerife	F	20	68
I.o.Man	S	7	45	Tokyo		—	—
Istanbul	R	12	54	T'r'nto†	F	−3	27
Jersey	C	9	48	Tunis	F	15	59
Jo'burg		—	—	Valencia	C	14	57
L. Plms.	S	20	68	Venice	S	10	50
Lisbon	S	16	61	Vienna	S	8	46
Locarno	S	10	50	Warsaw	S	8	46
London	R	8	46	Zurich	S	7	45

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

BCal blames £7.94m loss on world crisis

BY LYNTON McLAIN

BRITISH Caledonian Airways made a trading loss of £7.94m in the 12 months to the end of last October. This compared with a £3.12m trading profit in the previous 12 months, according to the annual report of the Caledonian Aviation group published yesterday.

The loss of £7.94m was "disappointing but manageable," said Mr Adam Thomson, BCal's chairman. He forecast a return to profits this year and said that the company's financial standing had "proved good enough" to convince banks to arrange a £92m loan for BCal to buy three A310 Airbus airliners for delivery in early 1984.

The successful underwriting of the loan was a "strong vote of confidence in the airline's management," he said.

The airline blamed last year's loss on the "crisis in the world airline industry" and on its own "unavoidable" losses in developing new routes to the U.S.

Mr Thomson said last year was "the worst in the history of civil aviation." World airines lost a total of $2bn and he called for an end to the movement towards complete deregulation of air fares.

"BCal's management is among those which classify deregulation as being completely unsuitable for the industry," he said. "While less rigidity in the industry is desirable, complete deregulation should be regarded as unrealistic in the foreseeable future."

Staff at BCal would not get anything through the staff profit sharing scheme and the directors of Caledonian Aviation would not pay a dividend as a result of the loss.

The success of the airline in winning route licences to Dallas/Fort Worth, Atlanta, St. Louis, Dubai and Hong Kong had not been without its problems. But the initial losses incurred on the Dallas and Atlanta routes reflected the "substantial" development costs involved and the routes are expected to "be valuable in the future."

The Hong Kong route lost money, because although load factors were "very high, fares were far loo low." Fares on the route have been increasing, however.

Mr Thomson forecast that the Laker Airways collapse would bring improvements for airlines in yield per passenger and in passenger load factors.

BCal has acquired from Laker's Receivers the 19 acre Laker engineering and maintenance base at Gatwick Airport. The airline has also been granted exemption from normal licensing procedures to start flying the Gatwick to Los Angeles route left vacant by the Laker collapse.

BCal plans to start services in May on the route thought to have been worth £36.5m in revenue to Laker.

Turnover at BCal was up by almost a quarter to £283.3m from £227m. The airline carried 2.15m passengers during the year, a rise of 7 per cent, and air cargo carryings were up by almost 19 per cent.